NORTHAM
PLATINUM HOLDINGS LIMITED

Northam Holdings: Mining that matters

Remuneration report
30 June 2023

smart platinum mining

Mine to market value chain

The production of Platinum Group Metals (PGMs) begins with the mining of ore deposits typically containing very low concentrations of the metals. Following this, the mined ore passes through five stages of physical and chemical beneficiation ultimately producing individual high purity saleable metals.

The first stage of beneficiation is primary concentration in which the concentration of PGMs and associated base metals is upgraded through a process of crushing, milling and froth flotation. The product of this process is primary concentrate. The flotation process upgrades the concentration of PGMs in the ore from between 2 and 5 grams per tonne to between 90 and 150 grams of PGMs per tonne.

The second stage of beneficiation is smelting, in which primary concentrate is dried and heated in a smelter furnace until molten, at which point PGMs and associated base metals concentrate into what is termed smelter matte containing between 1 500 and 2 500 grams of PGMs per tonne.

Smelter matte is then fed into the third stage of beneficiation, which is iron conversion, wherein the addition of a silica flux and air drives off iron and sulphur producing convertor matte containing between 3 500 and 5 000 grams of PGMs per tonne.

This is the feed for a base metal refinery, wherein associated base metals are extracted, leaving a high grade precious metal concentrate. This precious metal concentrate contains approximately 500 000 grams per tonne of PGMs. Base metals include nickel, which is extracted as a nickel sulphate salt, and copper which electrowon, produces pure copper plate.

Precious metal concentrate is treated through a precious metal refinery, the fifth and final stage of beneficiation, producing individual saleable metals of high purity. Final refined PGMs are produced in various forms for a multitude of applications, for example, ingot or sponge.

We sell most of our PGMs through offtake agreements with a limited number of large customers, with whom we have long-standing associations and relationships. Our buyers are mainly industrial companies, who, in the case of the automotive sector, are suppliers of catalysts and catalytic components as opposed to the car manufacturers themselves.

Our chrome product is sold through a single third party via a guaranteed offtake and security of supply contributions agreement. In addition, we have the ability to sell excess metal on the spot market.

The picture on the front cover is of bubbles containing PGMs produced during the flotation process at the concentrator, which is the first stage of the beneficiation process.

Contents

The JSE Limited Listings Requirements require, and principle 14 of the King IV Report on Corporate Governance for South Africa, 2016 (King IV™) recommends that a company's remuneration policy and implementation report be tabled for separate non-binding advisory votes by shareholders at each Annual General Meeting (AGM). This enables shareholders to express their views on the remuneration policy and implementation report, and to provide their endorsement thereof.

Included in the Notice of the AGM is ordinary resolutions 4.1 and 4.2 that are of a non-binding nature only.

The board will take the outcome of the non-binding advisory votes into consideration when considering amendments to the group's remuneration policy and/or the implementation report.

Refer to the Notice of the 2023 Annual General Meeting, available on our website.

Our reporting suite

Our Remuneration report is supplemented by a full suite of online publications, which cater for the diverse needs of our broad stakeholder base as part of our comprehensive integrated reporting. These can be accessed on our website at www.northam.co.za

Annual integrated report

Prepared in accordance with:

- International <IR> Framework of the International Integrated Reporting Council (IIRC)
- International Financial Reporting Standards (IFRS)
- South African Companies Act No. 71 of 2008, as amended (Companies Act)
- Global Reporting Initiative (GRI) standards
- South African Companies Regulations, 2011 (Companies Regulations)
- JSE Limited Listings Requirements (JSE Listings Requirements)
- JSE Debt Listings Requirements
- King IV Report on Corporate Governance for South Africa, 2016 (King IV™)

Approved by the board of directors

Annual financial statements

Prepared in accordance with:

- IFRS
- Interpretations issued by the IFRS Interpretations Committee
- International Accounting Standards (IAS)
- The South African Institute of Chartered Accountants (SAICA) Financial Reporting Guides
- Financial Reporting Guidelines as issued by the Accounting Practices Committee
- Financial Pronouncements as issued by the Financial Reporting Standards Council
- Companies Act
- Companies Regulations
- JSE Listings Requirements
- JSE Debt Listings Requirements
- King IV™

Approved by the board of directors, and includes the chief executive officer and finance director responsibility statement, as well as the company secretary's confirmation

Summarised financial results

Prepared in accordance with:

- IFRS
- Interpretations issued by the IFRS Interpretations Committee
- IAS
- SAICA Financial Reporting Guides
- Financial Reporting Guidelines as issued by the Accounting Practices Committee
- Financial Pronouncements as issued by the Financial Reporting Standards Council
- Companies Act
- Companies Regulations
- JSE Listings Requirements
- JSE Debt Listings Requirements

Approved by the board of directors

Corporate governance report

Prepared in accordance with:

- International <IR> Framework of the IIRC
- Companies Act
- Companies Regulations
- JSE Listings Requirements
- JSE Debt Listings Requirements
- King IV™

Approved by the board of directors together with the chairpersons of the respective committees for their reports

Mineral Resources and Mineral Reserves statement

Prepared in accordance with:

- South African Code for Reporting of Exploration Results, Mineral Resources and Mineral Reserves 2016 (the SAMREC Code (2016))
- JSE Listings Requirements

Signed off by the Lead Competent Person

Notice of the 2023 Annual General Meeting

Prepared in accordance with:

- Companies Act
- Companies Regulations
- JSE Listings Requirements
- JSE Debt Listings Requirements
- Company's Memorandum of Incorporation (MOI)
- King IV™

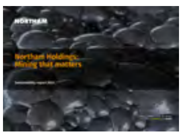
Approved by the board of directors and the company secretary

Remuneration report

Prepared in accordance with:

- International <IR> Framework of the IIRC
- Companies Act
- Companies Regulations
- JSE Listings Requirements
- King IV™

Approved by the remuneration committee



Sustainability report

Prepared in accordance with:

- Core requirements of the GRI Standards

Approved by the health, safety and environmental committee

About this report

This report provides an overview of the activities of the remuneration committee for the 30 June 2023 financial year (F2023). It provides an overview of the remuneration philosophy and framework of Northam, as well as feedback on the implementation of the remuneration policy for F2023.

Navigation icons

We use the capitals concept to convey quantitative and qualitative information.

The degree and nature of the impact that our material issues have upon our business and the various capitals have also been considered throughout the report.

Capitals

- Financial
- Human
- Intellectual
- Manufactured
- Natural
- Social

Links

- Refers to other pages in this report
- Refers to supporting documents on our website, www.northam.co.za

ESG metrics

- E Environmental
- S Social
- G Governance
- F Financial performance

Stakeholders

- Communities
- Department of Mineral Resources and Energy (DMRE)
- Employees
- Eskom Holdings SOC Limited (Eskom)
- Financial institutions
- Government
- Industry associations
- Investors and providers of funding
- Johannesburg Stock Exchange Limited (JSE Limited)
- Precious metal refiners and customers
- Regulatory authorities
- South African Revenue Services (SARS)
- Suppliers of goods and services
- Third party purchase contracts
- Unions

Board and committees

- B Board of directors
- A Audit and risk committee
- E Executive committee
- H Health, safety and environmental committee
- I Investment committee
- T Technology and information governance steering committee
- M Management review committees
- N Nomination committee
- R Remuneration committee
- S Social, ethics, human resources and transformation committee

Unless otherwise defined, capitalised words and terms contained in this Remuneration report shall bear the same meaning ascribed thereto in the Glossary included in the Summarised financial results, for the year ended 30 June 2023, available on our website.

This Remuneration report has been prepared in line with Northam Platinum Holdings Limited (Northam Holdings, Northam or the group) corporate governance practices, following the prescripts of the King IV Report on Corporate Governance for South Africa, 2016 (King IV™), the JSE Limited Listings Requirements (JSE Listings Requirements) and the South African Companies Act No. 71 of 2008, as amended (Companies Act).

Accordingly, this Remuneration report is presented in three parts and covers the remuneration activities of the group for the reporting period 1 July 2022 to 30 June 2023 (F2023):

Part 1: Background statement: How Northam has applied the principle of fair, responsible and transparent remuneration practice

Part 2: Our remuneration philosophy and policy: The main elements of our remuneration policy that apply to our remuneration

Part 3: Implementation report: How we have implemented our remuneration philosophy and policy in the F2023 reporting period

This report has been prepared in accordance with the following reporting frameworks:

- International <IR> Framework of the International Integrated Reporting Council (IIRC)
- Companies Act
- JSE Listings Requirements
- King IV™

Assurance

The board of directors (board) and the remuneration committee (the committee) have approved this report, ensuring the accuracy and completeness of the information provided in this report.

In addition, the elements in part 3 of this report relating to the Short-term incentives (STI) and Long-term incentives (LTI) have been audited and reviewed by our external auditors to confirm the accuracy of these elements.

Committee composition

The remuneration committee was constituted during the previous financial year, at the request of shareholders.

Previously, the oversight responsibility of the group's remuneration was carried out by the social, ethics, human resources and transformation committee.

The committee comprises three independent non-executive directors, elected by the board, and meets formally at least three times a year, or as and when required.

Mr MH Jonas was appointed as a member of the committee by the board, following a review of the composition of all committees by the nomination committee. He brings a wealth of experience with regards to remuneration best practices to the committee based on his experience obtained from being a member of other remuneration committees.

The chairperson of the committee reports to the board on the committee's activities and all matters discussed.

Below are details of the committee composition as well as their meeting attendance:

Name	Date joined committee	Board status	Meeting attendance
HH Hickey (Chairperson)	27 September 2021	Lead independent director	3/3
TI Mvusi	3 November 2021	Independent non-executive chairman	3/3
MH Jonas[1]	20 March 2023	Independent non-executive director	1/1

[1] Appointed to the committee on 20 March 2023

Refer to the Corporate governance report, available on our website for details of the committee's roles and responsibilities.

Feedback

We look forward to engaging with shareholders and welcome all stakeholders to share your experience of reading this report by contacting the company secretary, Trish Beale at trish.beale@norplats.co.za.

Approval

The board acknowledges its responsibility for ensuring the integrity of this Remuneration report and confirms that the report is presented in accordance with the Integrated <IR> Reporting Framework. The board has considered the integrity of this report and has concluded that it appropriately provides the required material disclosures of the group's remuneration policy and the implementation thereof.

For and on behalf of the committee

Hester Hickey
Remuneration committee chairperson

15 August 2023

Message from the chairperson of the remuneration committee

Dear shareholder,

I am pleased to present the Northam Remuneration report for the financial year ended 30 June 2023.

It is the responsibility of the committee to provide independent oversight of Northam's fixed and variable remuneration policies and practices. This includes ensuring that these policies and practices are appropriate to attract, motivate and retain the best talent at all levels of our organisation, and that they provide the right incentives to ensure delivery of Northam's strategic objectives over the short, medium and long-term.

It is of great concern to the committee that our shareholders have voted against our remuneration philosophy and policy as well as our remuneration policy implementation report at our AGM in October 2022. We have therefore made every effort as part of the preparation of this report to be as transparent as possible with regards to our remuneration philosophy and how we have implemented it across the board.

We have also continued to actively seek feedback on our remuneration policy and the implementation thereof through various interactions with shareholders. Through these interactions it was clear that increases received by executives must be appropriately explained and that metrics, with regards to both short-term and long-term incentives, must include Environmental, Social and Governance (ESG) metrics, with a particular focus on climate change.

This feedback has been incorporated into our metrics and the committee believes that shareholder concerns have been appropriately addressed.

Below is a summary of how Northam addresses our impact on the environment and climate change:

We consider sustainability on a holistic basis, as part of our planning process and strategic development as well as our impact on the environment and climate change. These are continuously assessed and considered throughout the business life cycle, from planning our mine sites to the development of our operations and continuous rehabilitation. It is how we operate and our duty as a responsible corporate citizen.

If our business is financially viable, delivering both optimal and predictable performance over the long-term, we are able to create meaningful employment, add stimulus into the local and national economies, and provide significant support for communities local to our operations. We believe that these areas are essential to the betterment of our country.

We are a mining company, and we understand that mining, by its very nature, has an environmental impact. In light of this, we have embedded process efficiency into our strategic intent, from resource acquisition, through mine planning, to production, sales and ultimately mine closure. We do this whilst maintaining focus on the economic imperative, through strong governance protocols, financial planning and financial management, ensuring transparent and prudent capital allocation decisions and strong cash flow management.

The special metals that we produce are a critical component in the drive towards a cleaner, greener, fairer world and we believe that this must be considered as part of a holistic view on sustainability.

A mining company's key asset is its mineral inventory. We target large, high-grade, and where possible, shallow and mechanisable ore bodies. This allows us to plan, develop and operate long life mining and processing assets, with cost and environmental footprints that are low when considered on a per unit of saleable product basis.

We plan the development of these ore bodies to ensure safe extraction of the maximum possible metal in the ground. This further enhances longevity, capital efficiency, operating cost and environmental impact outcomes. Planning and execution further considers process redundancy and multi-streaming, flexibility and synergistic multi-functionality. This improves operational optionality, thereby reducing risk and enhancing our ability to deliver on plan, optimising the business outcome.

Layouts for surface supporting infrastructure to mining and mineral processing are carefully considered to minimise their respective footprints, whilst allowing for effective operations that can be readily maintained and offering the opportunity for future upgrade and expansion, thus enabling capital effective ongoing improvement of processes. Rehabilitation of areas temporarily affected during construction of such infrastructure is undertaken in parallel with construction, ensuring the lowest environmental impact possible.

During operations, mining productivity and mineral processing recoveries are ongoing focus areas, and the increasing use of mechanisation improves efficiencies, whilst significantly reducing the risk of accidents to our employees. We prudently develop or adopt new and innovative technologies where appropriate, to drive towards safer and lower cost production.

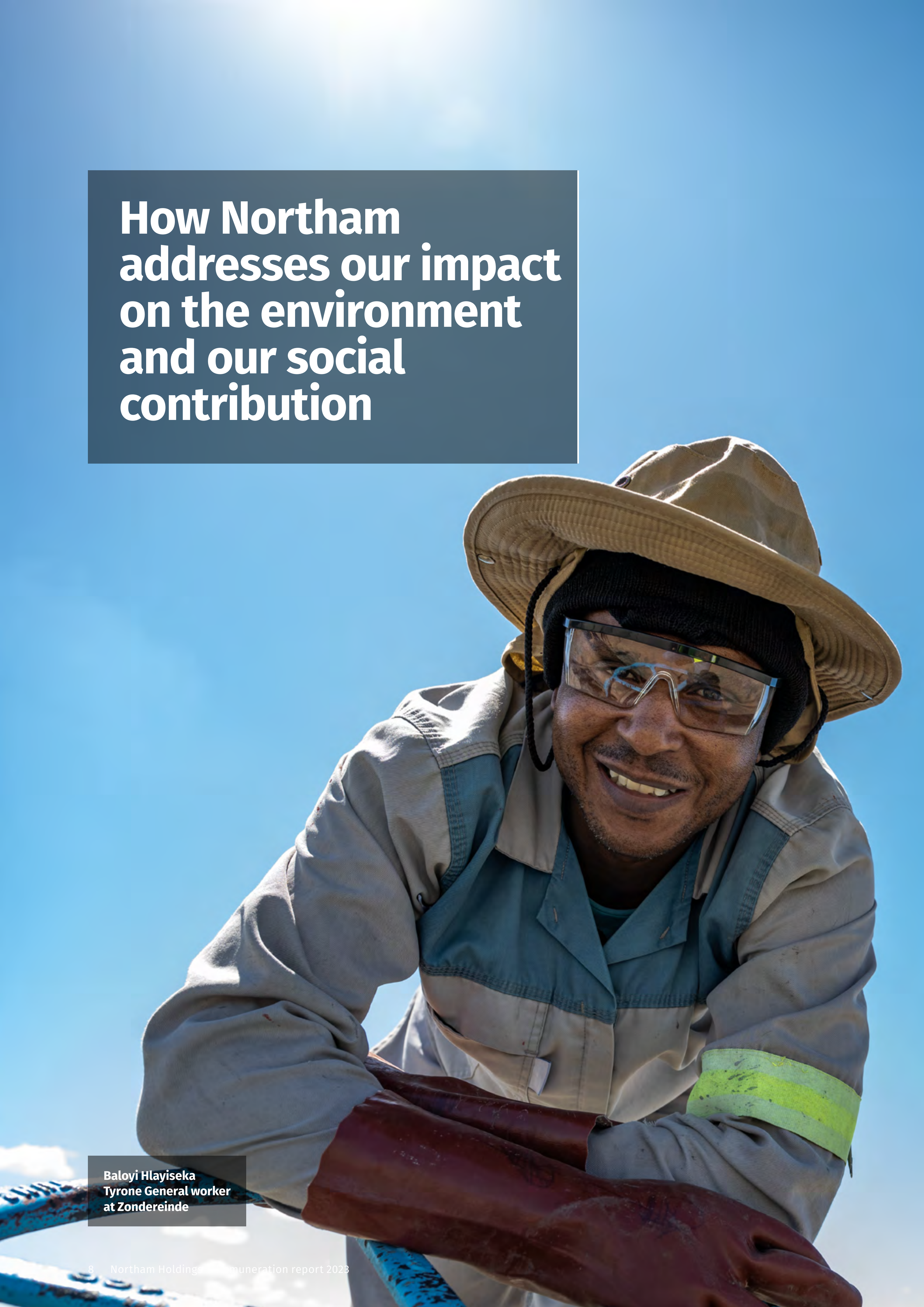
The risks and impacts associated with closure are incorporated in the planning, design and construction phases of the operations. Northam makes full provision for both restoration as well as decommissioning liabilities in terms of the commercial closure cost assessments, which are updated on an annual basis, using an independent third party. Where possible, continuous and ongoing rehabilitation is performed by all mining operations.

The long-term success of the business depends on achieving an optimal balance between growth, sustaining operations and returning value to the providers of capital. Management carefully considers the appropriate allocation of capital in these areas to achieve the group's strategic objectives. Mining is a capital-intensive business with relatively long time horizons. Commodity prices follow shorter period cyclical patterns. Therefore, capital allocation planning requires consideration of both short and long-term technical planning as well as the global economic outlook and cyclical commodity price variances.

This manifests in conservative long-term price estimates and the incorporation of sensitivity analyses to increase confidence in financial viability even during depressed market conditions, as well as to moderate increasing estimate uncertainty over time.

Since 2015 Northam has pursued a strategy of growing production down the industry cost curve whilst reducing operational risk and returning free cash generated from its operations to shareholders and thereby creating value for all shareholders through a sustainable business.

How Northam addresses our impact on the environment and our social contribution



Baloyi Hlayiseka Tyrone General worker at Zondereinde

We believe in our country, South Africa

R13.6bn
Spent on local preferential procurement

238
Bursaries offered to employees and local communities in F2023

R241.8m
Accrued to employee profit share schemes during F2023

4 141ha
Land owned by the Buttonshope Conservancy Trust for Booysendal's biodiversity offset

86%
Water used from recycled sources

658
Interest free home loans offered to employees

12 228
Direct, new, meaningful, sustainable, jobs created since 2015

1 216
Direct, new, meaningful, sustainable, jobs created in F2023

21%
of all new recruits during F2023 were female

R7.5bn
Employee costs for F2023

R1.5bn
Employee taxes paid during F2023

67%
HDPs in management

R2.9bn
Income tax paid in cash during F2023

R3.7bn
Capital investment in the growth of the group

R1.5bn
Royalty tax paid during F2023

Recommendations from our shareholders have been implemented and are detailed in this report

It was further noted that a number of shareholders were not satisfied with the company's decision to invest in Royal Bafokeng Platinum Limited (RBPlat).

Subsequent to Northam Holdings announcing its initial acquisition of an interest in RBPlat on 9 November 2021, the platinum group metals (PGM) market strengthened significantly, resulting in a peak increase of around 41% from November 2021 to March 2022. The PGM market remained strong throughout 2022, with a net increase of approximately 10% from November 2021 to the date of Northam Holdings announcing its firm intention to make a voluntary, conditional offer to RBPlat shareholders to acquire the remaining RBPlat shares not already held by Northam Holdings on 9 November 2022 (Northam FIA). Subsequent to the Northam FIA, the PGM market declined by more than 35% with a net decrease from November 2021 to June 2023 of more than 28%.

These adverse market developments have resulted in a material contraction in profit margins and cash generation capacity across the PGM industry (including that of RBPlat). As a consequence, equity valuations across the entire PGM sector have declined substantially.

Against this backdrop, Northam's own operations continue to perform well, as reflected in our 30 June 2023 year-end results.

Northam Holdings terminated the Northam Offer following the occurrence of Material Adverse Changes in PGM prices, further details of which are set out in the SENS announcement published by Northam Holdings on 5 April 2023. From the date of the termination of the Northam Offer to July 2023, the PGM market further deteriorated by almost 18%.

The Implats Mandatory Offer provided Northam with full optionality since December 2021. In light of the prevailing PGM market conditions and negative medium-term outlook, the Implats Mandatory Offer presented a unique and attractive opportunity for Northam to lock in substantial value in relation to our RBPlat investment with a strong cash underpin.

The sale of the RBPlat shares also presented Northam with an opportunity to significantly strengthen our balance sheet and liquidity position, which in turn provides additional flexibility and optionality for Northam to declare a maiden dividend; introduce a formal dividend policy; implement a share buy-back; and reduce Northam's third party debt.

In accordance with the terms of the Implats Mandatory Offer, as contained in the Implats Mandatory Offer Circular, the offer consideration per RBPlat share tendered into the Implats Mandatory Offer amounted to R90.00 in cash and 0.3 new ordinary shares in Implats. Northam Holdings therefore received, in aggregate, R9.0 billion in cash and 30 065 866 Implats shares.

Northam believes that the prevailing PGM market conditions and the material decline in the PGM prices may signal a potentially protracted cyclical downturn.

Relative positioning on the industry cost curve, the ability to retain operational flexibility and balance sheet strength will become increasingly important over time.

Northam has always maintained inherent optionality and flexibility in executing its growth strategy and these considerations remain key drivers to all decisions.

For these reasons the RBPlat investment was liquidated, and the company has embarked on its strategy of returning value to shareholders.

The sale of the investment in RBPlat has no impact on the group's incentive scheme, it would therefore not be appropriate to include any metrics with regards to this investment in the executive's performance indicators.

The strategy to invest in RBPlat was a board decision and not a decision taken in isolation by the executives.

Also refer to the Corporate governance report for details around the governance regarding the investment in RBPlat.

Attracting and retaining talent

Balancing shareholder concerns and attracting and retaining talent are becoming more difficult. Mining employs specific and specialist skills. The availability and development of these skills is critical to operational sustainability.

In addition, key personnel are a repository of corporate intelligence and have significant influence over the success or failure of the business. The availability of critical skills, along with adequate succession planning within the organisation are fundamental requirements for a sustainable business.

Therefore, variable remuneration in particular, must be based on clear measures and stretched targets, which if met, will not only enhance shareholder value, but ultimately result in value creation for all stakeholders.

We are committed to ensure that executive remuneration is fair, reasonable, responsible and appropriate in the context of general market conditions, company performance, industry pay levels, the economic outlook and overall employee remuneration, in terms of benchmarking across the industry.

We would like to thank all shareholders who have engaged with the company, and who were willing to share their concerns and feedback on the remuneration policy. The insights were invaluable and implemented where practically possible.

The committee hopes that the changes that we have implemented, and which are detailed in this report, based on shareholder feedback, will be acceptable to shareholders and stakeholders alike.

The committee is satisfied that the updated remuneration policy achieved its stated objectives for the year and that the committee has considered and discharged its responsibilities in line with its terms of reference, statutory responsibilities and King IV™ recommended practices during the year under review.

In order to ensure the accuracy of information provided in this report, our auditors verified the STI calculations as part of the year-end audit and confirmed the accuracy of the LTI, which vested in October 2022, in a factual findings report to the committee.

The committee also confirms that all implemented remuneration practices during the year were in line with the group's updated remuneration policy.

We continuously aim to improve our remuneration practices and accordingly, we welcome any comments or suggestions that shareholders may have on our report, or any concerns regarding the remuneration policy or the implementation thereof. We look forward to receiving your support on the resolutions for both the remuneration policy and implementation report at our shareholders AGM on 30 October 2023.

Committee future focus areas

Shareholder engagement
Shareholder engagement will again be a focus area during the upcoming financial year.

The remuneration committee will ensure that the group continues to consider and incorporate shareholder concerns and feedback in the setting of our remuneration policy and in particular our Key Performance Indicators (KPI's).

Attraction and retention of talent
Continue to ensure a compelling employee value proposition that enables the group to attract and retain talent.

Performance assessment
Continue to assess the group's performance against the KPI's underpinning management's remuneration, ensuring that value is created for all stakeholders.

ESG KPI's
Oversee the implementation of the ESG KPI's as part of the group's remuneration policy

On behalf of the committee.

HH Hickey
Chairperson

15 August 2023

Part 1: Background statement

The Background statement provides the context to the impact of the financial years operating environment and the consequential performance of the group.

Tlou Thabo Marunye, HRD engineer facilitator at Eland Mine

Our history of how performance is linked to remuneration

Northam's performance target is aligned with our strategy, future direction, performance and shareholder value creation, without promoting or rewarding disproportionate risk-taking. Targets should be challenging but realistic and should closely reflect the company's ongoing business expectations.

The operational and financial performance have a direct impact on the remuneration of the executive directors and focuses on creating shareholder value through the setting of specific targets, aligned to the group's strategic objectives, which if met will create and enhance shareholder value now and into the future.

For this reason an independent remuneration committee was formed in the previous financial year.

The remuneration committee continues to play an important role in providing independent oversight of the remuneration strategy and implementation as well as its remuneration policy and practices.

Our remuneration is structured to attract and retain the best people.

Mining employs specific and specialist skills. The availability and development of these skills is critical to operational sustainability. In addition, key personnel are a repository of corporate intelligence and have significant influence over the success or failure of the business.

The mining industry as a whole has experienced elevated staff turnover in recent years, with the location of mining operations and scarcity of skills being key drivers. Northam's levels of turnover are consistent with those of the industry and the group views remuneration as a key factor in talent attraction and retention.

Historically, our turnover rate has been less than 7% but has picked up to around 9% during the current year due to the competition for skills in the mining sector in South Africa.

Our remuneration is aimed at remunerating individuals for targets met, to achieve our short to medium-term strategy of growing production down the industry cost curve and thereby creating shareholder value.

Since 2015, our views of the long-term supply and demand of PGMs have driven us to accelerate our growth trajectory. We purchased the Everest mine adjacent to Booysendal and have since developed an additional five mining modules at the operation which currently yields approximately 450 000 4E ounces per annum. Mine development is still underway and production levels will increase to 500 000 4E ounces over the coming two years.

In 2017, we purchased additional ground located to the immediate west of Zondereinde mine, termed the Western extension. This contains significant additional Mineral Resources and has enabled the extension of Zondereinde mine's remaining life to well beyond 30 years and will enable growth in production to around 350 000 4E ounces per annum over the coming five years.

The group also acquired the Eland mine in 2018. This is located in the south-western portion of the Bushveld Complex, close to the town of Brits in the North West province. At the time of purchase the mine was fully equipped and partially developed, but mining had been suspended. The group brought the mine back into production and it is currently being developed to a steady state of 180 000 4E ounces per annum, which will be reached in 2028.

A new enhancement to the Eland operation has been the acquisition and integration of the neighbouring Maroelabult mine during 2022. This has added significant operational flexibility to Eland.

Our focus for more than a decade has been to grow production down the cost curve, whilst benefitting from a commensurate reduction in operational risk.

We now operate three independent mines, producing ore from ten mining modules and processing this through five separate primary concentrators. In 2015, we set a medium-term target for production from our own operations of 1 million 4E ounces per annum. We are scheduled to achieve this target by 2027.

Since 2015, we have grown our downstream metallurgical processing capacity beyond the requirements of our own production. This has been in order to both develop and grow our PGM recycling business following the acquisition of the US assets in 2018, as well as to be able to offer downstream metallurgical processing services to junior PGM miners who lack such facilities. This leverages our metallurgical processing capacity to diversify our revenue streams and further reduce overall operational risk.

We are well underway to our medium-term target of 1 million oz 4E and corresponding targets have been set by the board to ensure that the group achieves its medium-term target in the set timeframe.

A large portion of our remuneration is therefore based on performance. The group's variable pay element plays a very important role ensuring that these targets are met, in order to achieve the strategy of the group.

In mining, operational performance is a key driver of financial performance. We operate a largely fixed cost business and consider efficiently increasing production to be our best defence against current global inflationary and cost pressures. Our capital allocation and treasury decisions have been guided by our growth strategy and our financial results have benefited from our consistent approach of growing our production base down the industry cost curve. For this reason, our KPI's are focused on operational, ESG and financial indicators, which if achieved will invariable lead to improved financial performance as well.

Variable remuneration is influenced by the performance of the group

Northam is different from its peers, as it is a growing company. Our KPI's focus on performance measures which will grow the business and thereby create value for all stakeholders.

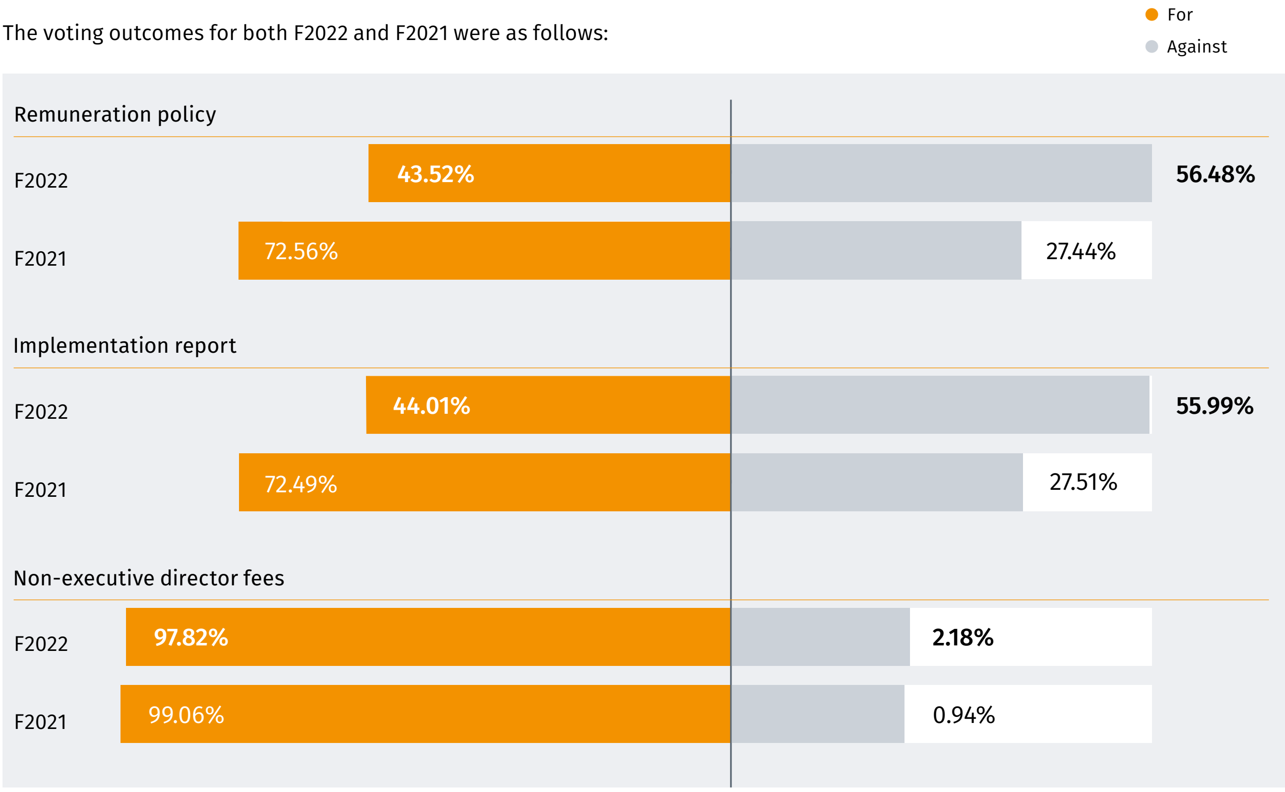
Metric	F2023	F2022	Change	F2015	Change
ESG					
Safety (LTIIR)	0.90	0.77	(16.9%)	1.13	20.4%
Production					
Total tonnes mined	9 853 279	7 940 267	24.1%	3 739 941	163.5%
Tonnes milled	10 654 561	8 660 083	23.0%	3 646 759	192.2%
Total equivalent refined metal from own operations (4E oz)	809 775	716 488	13.0%	377 770	114.4%
Financial					
Cash cost per equivalent refined 4E oz	22 824	20 278	(12.6%)	11 538	8.9% p.a
Share price	R125.48	R171.29	(26.7%)	R40.26	15.3% p.a
Our history of job creation					
Jobs created - number of employees	22 368	21 152	+1 126 jobs created	10 080	+12 288 jobs created

Addressing shareholder concerns

We held our AGM on 25 October 2022. The F2022 remuneration policy and implementation report was tabled for separate non-binding advisory votes for approval by shareholders at the AGM.

Additionally, as required in terms of the Companies Act, a special resolution in respect of the non-executive director fees was tabled for approval by shareholders at the AGM.

The voting outcomes for both F2022 and F2021 were as follows:



In the event that 25% or more of our shareholders vote against either part 2 or part 3 of the remuneration report, the board and the committee take measures to proactively engage with shareholders to ascertain their reasons for the dissenting votes.

Accordingly, given that the F2022 voting outcomes were below the requisite support of 75% for both the remuneration policy and implementation report, the board conducted a comprehensive review of the executive remuneration framework, including the STI and LTI.

In terms of the JSE Listings Requirements and the recommendations of King IV™, the board invited, through a SENS issued on 25 October 2022, dissenting shareholders to submit, in writing, concerns and recommendations regarding the non-binding advisory resolutions.

The board and the committee also engaged directly with stakeholders throughout the year to seek feedback and consider opportunities to further enhance the effectiveness of the reward structure.

The board and the committee take measures to proactively engage with shareholders.

In particular, meetings were held with all shareholders holding more than 5% of the issued shares of the group. In addition, we also engaged with all other shareholders willing to take a meeting with the chairperson of the committee, to discuss concerns regarding the remuneration policy and the implementation thereof. This resulted in the company engaging with at least more than half of our shareholders.

These investor roadshows followed the release of our F2022 Annual integrated report and our Notice of the 2022 Annual General Meeting. Subsequent to these engagements, the following changes have been made to the remuneration policy and implementation thereof:

Concern	How it was addressed
Remuneration committee – concerns were raised relating to the group not having a separate remuneration committee.	An independent remuneration committee was established during the previous financial year and is chaired by an independent non-executive director, as prescribed by King IV™.
Number of remuneration committee members – concerns were raised by shareholders that, following the passing of David Brown, the remuneration committee only consisted of two members.	During the year under review a third independent non-executive director, Mcebisi Jonas, was appointed as a remuneration committee member. He brings a wealth of experience with regards to remuneration best practice to the committee.
Retention payments – shareholders indicated that they were not in favour of any form of retention payment, either as part of fixed or variable remuneration for executive directors.	Retention payments, both fixed and variable, no longer form part of the group's remuneration structure for executive directors. As a result, all variable compensation, both short and long-term, is solely performance based. All previously granted remuneration, which includes retention elements will, however, be allowed to run its course.
Retirement age – concerns were raised around executive directors reaching retirement age and the impact this could have on the management team's continuity, given that this team has demonstrated their ability to deliver significant shareholder value through the execution of the group's growth strategy.	The retirement age for executive directors was updated from 60 to 65 with immediate effect, and for all other employees from 60 to 63.
Succession planning – concerns were raised with regards to succession planning and the impact this could have on the management team.	Succession plans are continuously reassessed and updated. During the year under review particular consideration was given by the committee to the succession plans for Historically Disadvantaged Persons (HDPs). Succession plans are a regular agenda item on the social, ethics, human resources and transformation committee. Succession planning for the board are considered by the nomination committee. The succession plans considered by the committee were found to be adequate.
Transparency of disclosure with regards to performance targets – concerns were raised that the disclosure included in the remuneration report did not provide sufficient information with regards to targets and KPI's set.	Included in this report is detailed disclosure with regards to performance targets, including approved budget parameters as well as actuals achieved. Refer to Part 3 of this report for more detail.
Transparency of disclosure with regards to changes in remuneration – concerns were raised that the disclosure included in the remuneration report did not provide sufficient information with regards to the reason for changes in remuneration year on year.	Included in this report is detailed disclosure regarding the reasons for the movement in executive directors remuneration between F2022 and F2023. Refer to Part 3 of this report for more detail.
KPI's – concerns were raised around the composition of management's KPI's and the associated weightings in terms of variable remuneration.	The committee extensively reviewed the KPI's to ensure that targets set relating to variable remuneration will enhance shareholder value and focus on specific areas of concern. Refer to Part 3 of this report for more detail.
The achievement percentages of stated targets – concerns were raised that the hurdle rates used to calculate the vesting percentages of performance shares awarded are not stretched enough.	The achievement percentages of stated targets have been updated and are now more stretched in line with shareholder feedback. Refer to Part 3 of this report for more detail.
Increases received by executives– concerns were raised around the increases received by executives for F2022.	Details with regards to increases received by executives, as well as all other movements between F2022 and F2023's remuneration have been fully disclosed in Part 3 of this report. This ensures transparency, including the rationale of increases provided.
Non-executive director fee increases– explanations were required for the 10% increase in non-executive director fees.	The independent benchmarking exercise performed during the previous and current financial year indicated that the group's non-executive directors' remuneration is significantly positioned below the 25th percentile in comparison to market peers. Best practice is to increase fees on a staggered basis to align with the market. Shareholders will be engaged to discuss a sustainable solution to non-executive director fees. Refer to Part 3 of this report for more detail.
Environmental, Social and Governance (ESG) –concerns were raised regarding the group's inclusion of ESG measures as part of executive directors KPI's.	Additional ESG metrics, over and above safety, have been included in the STI incentives for executive directors from F2024 onwards. Please see Part 2 of this report on details with regards to ESG metrics.

Strategic priorities

Strategic priorities

It is important to note that the following key factors could impact future financial results and our KPI's are therefore focused on addressing these priorities as far as possible.

The global economic outlook remains uncertain, resulting in volatile metal markets and exchange rates.

The group's financial performance is influenced by the exchange rate and commodity prices along with the stability of Northam's operating environment.

We therefore align our remuneration policies, and especially variable remuneration, in such a way to address the strategic priorities of the group.

Strategic priority	Strategic priority explained	KPI's associated to strategic priority
Continuing to focus on the safety performance of our employees See page 22 of this report.	The group strives to improve the safety performance and health and wellness of all employees, by continuously seeking to reduce injuries, applying appropriate technologies, communication and training and reinforcing operational standards and responsibilities.	Safety is incorporated in all Short-term Incentive (STI) and Long-term Incentive (LTI) performance elements. Additional penalties apply for any fatal accident. Refer to Part 2 and Part 3 of this report.
Secured energy supply See page 24 of this report.	Northam obtains the bulk of its energy from Eskom, the national power utility. Recent developments at Eskom, together with the vulnerability of the transmission grid due to sabotage, could result in the loss of production and could compromise the safety of underground employees. Continued above-inflation electricity price increases will raise the cost of production and reduce profitability. Management has commenced a renewable energy programme to offset and supplement Northam's power requirements.	The implementation of a renewable energy strategy against determined milestones has been included in the KPI's for executive directors from F2024. Refer to Part 2 of this report.
Operational performance through managing performance targets See page 26 of this report.	Management sets realistic but stretched performance targets for the business. The successful execution of Northam's strategy will positively affect shareholders and other stakeholders alike.	The group has a medium-term target of 1 million oz 4E per annum. It is therefore important that on an annual basis the production targets are met. Production has been included in both the STI and LTI performance elements. Refer to Part 2 and Part 3 of this report.
Effective cost control See page 26 of this report.	Cost containment is essential to the group's sustainability. Northam continues to strive to maintain its relative position in the lower half of the industry cost curve.	Effective cost control and unit cash cost targets creates shareholder value if met. Unit cash cost has been included in both the STI and LTI performance elements. Refer to Part 2 and Part 3 of this report.
Effective project execution See page 28 of this report.	The group has a large capital expansion programme in place to secure its future through the creation of long-life, low-cost operations. Successful project execution is key to creating a sustainable business for the long-term benefit of all Northam's stakeholders.	Large capital projects are currently being executed. Decline development metres have therefore been included in the STI performance elements for both Booysendal (currently developing Booysendal South) and Eland (currently developing the Kukama decline). Refer to Part 2 and Part 3 of this report.

While it may appear that the metrics used for the LTI and STI schemes are duplicated, there is a difference in the way the objectives are set and the levels at which the threshold, target and stretched are set, as summarised below, and described in more detail later in this section.

For STI purposes the threshold, target and stretched levels against each metric are set with reference to prior year actuals, the budget for the year, and meeting the strategic targets for the group.

For the LTI scheme, the threshold, target and stretched levels against each metric are set with reference to our growth strategy and the creation of shareholder value over a three year period.

Remuneration and performance in F2023

The global supply and demand dynamics for PGMs impact metal prices and thus operational sustainability. This remains a key risk for our business.

Current supply risks include the threat of intermittent and irregular curtailment of electricity, the abnormally high mining cost inflation in South Africa, as well as the ongoing conflict in Ukraine and the future impact that this has on Russian supply of PGMs.

Current demand risks include the ongoing dynamics of global warming and the clean air prerogative. Reduction of greenhouse gases and nitrous oxides (NOx) from internal combustion engines (ICEs) and hybrid vehicles, together with the development of hydrogen powered fuel cells, drive the demand for PGMs. The penetration of battery electric vehicles (BEVs) into the automotive market could impact the demand for PGMs.

Northam has responded to the risks of price depreciation and problematic power supply by operating in the lower half of the industry cost curve, implementing electricity load management and on-demand self-generation capacity, and progressing renewable energy supply initiatives. This has helped to safeguard the company's operations and ensure that it can continue to produce PGMs which generate liquidity for the group.

Our approach to remuneration has therefore been to focus on what the executives can control and what the committee believes will create a sustainable business which will create value for all stakeholders.

In this report, we present a concise overview of the group's KPI's and their corresponding achievements compared to the predetermined targets and how these accomplishments directly influence the variable remuneration of our executive management, which makes up the majority of their remuneration.

Continuing to focus on the safety performance of our employees

Safety remains a critical performance area and impacts all aspects of remuneration including short, medium and long-term incentives.

However, we remain very aware and concerned about the severity of injuries resulting from incidents. Improving safety performance, as well as the health and wellness of our workforce remain critical focus areas for the business.

Despite this, three of our employees passed away in separate incidents in the workplace during the year under review, one of which was under suspicious circumstances.

Mr Mosetlha David Matlhoahela, a winch operator, lost his life in September 2022 under suspicious circumstances. The incident remains under investigation by the South African Police Service. Mr Patrick Mokhachane, a team leader, lost his life in October 2022 in an ore cleaning incident, and Mr Mogapi Silas Ntshabele, a general worker, lost his life in December 2022 in a material reclaiming incident. Comprehensive safety reviews were undertaken following the tragic incidents and remedial actions were implemented. It should be noted that these incidents happened away from the working face and that Zondereinde remains fall of ground fatality free.

On a positive note, Booysendal passed the milestone of 8 million fatality free shifts, and continues to operate without a fatality since the mine began 13 years ago.

Eland recorded a maiden 1 million fatality free shifts during November 2022, also operating without a fatality since our purchase in 2018.

Additional penalties apply for any fatal accident and the calculation of these are included in Part 3 of this report.

Perseverance Malapile, Senior metallurgical operator at Zondereinde

8 million
Fatality free shifts at Booysendal during November 2022

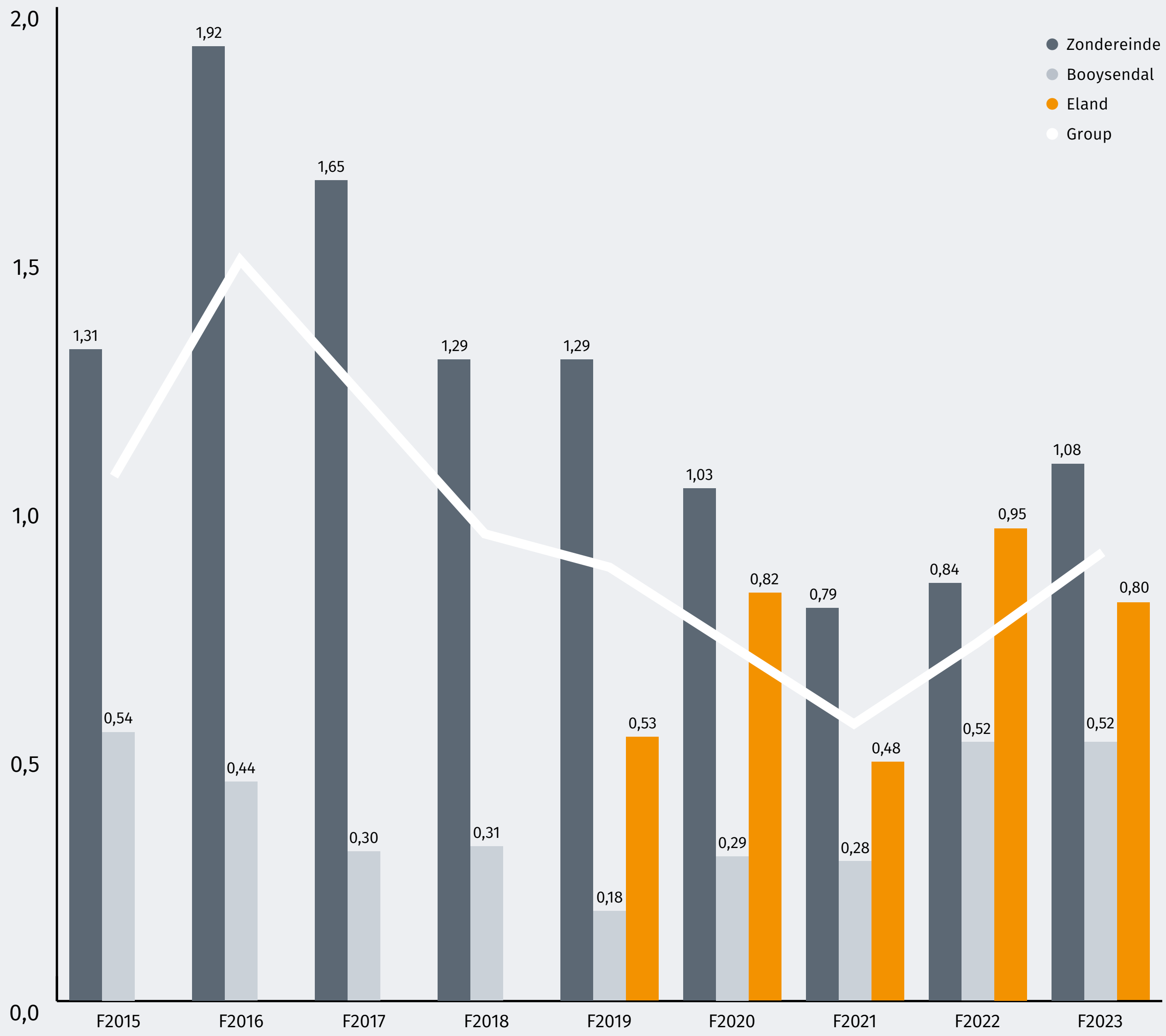
1 million
fatality free shifts at Eland during November 2022

0.90
Group LTIIR

3 fatalities
at Zondereinde

LTIIR per 200 000 hours worked

F2015 to present



Secured energy supply

Recent developments at Eskom have affected the reliability and sustainability of electrical supply impacting our business.

The bulk of the electricity that Eskom generates comes with a relatively high Greenhouse Gas (GHG) emissions footprint due to its reliance on coal. This, consequently, impacts Northam's GHG scope 2 emissions.

In addition, the group's sustainability could be negatively impacted by our dependence on Eskom, and its national grid. It puts Northam at risk of both planned and unplanned power outages thereby impacting production, as well as the potential for ongoing above-inflation electricity tariff hikes.

The past year has seen an ever increasing decline in energy supply security, with record amounts of load shedding and load curtailment. Recent updates by Eskom on the integrity of the electrical grid infrastructure means that this situation is likely to continue into the medium-term. Together with ongoing above-inflation tariff hikes, this situation could compromise Northam's production capability, as well as negatively impact overall cost inflation and consequent profitability.

The group has either installed or is in the process of installing additional generator capacity at all operations to mitigate for load curtailment up to level 4.

Three 1.25 MW diesel generators were procured for Booysendal South mine. Eland mine has procured and is installing an additional three 1.6 MW diesel generators. Zondereinde has procured six 4.2 MW dual fuel generators and is in the process of installing these. Additional capacity will be required at Zondereinde as the Number 3 shaft project comes online. The group is looking to further augment generation capacity.

The energy supply risk is elevated for the group and we continually monitor and assess power requirements, together with developments at Eskom. This is to ensure that the necessary contingency plans are in place.

Renewable energy initiatives

As part of the group's ongoing energy strategy and to mitigate some of the supply challenges afforded by Eskom, Northam management, together with a panel of experts, have explored various mechanisms and options to secure the supply of renewable and alternative sources of energy.

Studies into the availability, reliability, cost effectiveness and practicality show that the best sources of renewable energy available to the group are now wind and solar generation.

The abundance of sunlight and real estate at our operations make on-site solar energy a viable source of electricity, while additional quantities of electricity can be generated by remotely located wind farms and delivered to our operations *via* the Eskom grid.

To this end, Northam has installed rooftop solar arrays at Booysendal and Eland with a combined capacity of 2.25MW. These installations are functioning well and are supplementing the power available to the operations.

The group has also earmarked additional sites for solar installations at Zondereinde and Eland, with applications for the various required permits for these projects currently underway.

In addition, Northam is investigating the viability of a number of wind farms in the Western Cape. These facilities will be owned by third party independent power producers providers, with Northam having the sole rights to the power generated by these facilities, wheeled through the Eskom grid. Final authorisations for these projects are in progress, with construction to commence shortly thereafter, if approved.

Operational performance through managing performance targets and effective cost control

Production is a key element of the group's KPI's. This financial year has seen further production growth as the group strategy unfolds, with record production of equivalent refined metal from own operations increasing by 13.0% to 809 775 oz 4E (F2022: 716 488 oz 4E). This clearly demonstrates that our medium-term strategy of 1 million oz 4E production is within reach.

Challenges remain, particularly in respect of mining inflation and the potential for further and more severe Eskom load curtailment events. However, our capital growth and operational diversification programmes remain on-track and demonstrate the power of our counter cyclical investments.

A key feature for F2023 has been the strong production performance from both the Zondereinde and Booysendal mines. The benefits of focused Merensky stoping in the Western extension, together with logistical decongestion resulting from the ongoing shift of UG2 stoping from the western to the eastern portions of the mine, are starting to show in mining productivity. Booysendal is delivering strong growth on the back of solid production from North mine, as well as the ongoing ramp-up of South mine. All operations have been subject to numerous Eskom load curtailment events, however, the combination of our comprehensive load management protocols, as well as on-demand self-generation capacity, have limited consequential production losses. A programme of increasing self-generation capacity is well advanced and this will further mitigate potential losses due to load curtailment.

Unit costs increased, impacted by higher mining inflation and slightly depressed concentrator feed grades at Zondereinde and Booysendal. The Western extension expansion at Zondereinde and a lower grade reef at the North UG2 mine at Booysendal contributed to the depressed grades. The newer modules of the South mine at Booysendal also had elevated development.

Grades at Zondereinde and Booysendal will improve over the coming two years as these growth projects reach maturity. They will also benefit from the operational flexibility that comes with an increase in mineable reserves.

Development of the Western extension at Zondereinde has progressed well. Booysendal continues to make good progress on the South mine. Eland continues to ramp-up mineable reserves, with the recently acquired Maroelabult section adding synergistic benefits.

We plan significant development activity over the coming two years at the Western extension of Zondereinde, as well as at Eland.

A raft of global geopolitical issues hold the potential for further disruption to the PGM markets, whilst the risk for more severe Eskom load curtailment events could lead to operational disruption. We continue to monitor the market and are rolling out additional on-demand self-generation capacity at all of our operations. This will result in additional capital expenditure for the coming financial year amounting to approximately R363.2 million. We will amend our capital programme when and where prudent, taking into account the current commodity prices and developments at Eskom.

At Zondereinde mine, stoping is ramping-up within the Western extension section and further progress has been made on the deepening project. Equipping of Number 3 shaft is in progress. Pilot drilling of 3a ventilation shaft was completed and reaming has just commenced. Both shafts are scheduled to be commissioned during the 2024 calendar year. We have also commenced pilot drilling of the 3b rock hoisting shaft, which has a scheduled commissioning date in the 2028 calendar year.

At the group's metallurgical facilities, upgrades to the base metal removal plant are progressing well and we have commenced the expansion and upgrade of our furnace slag concentrator, which will be commissioned during the first half of the 2024 financial year.

The development of Booysendal South mine is on track. The full complement of stoping crews is in place at the Central UG2 modules and production will reach steady state during the course of the coming financial year. Decline development is continuing in order to increase mineable reserves and operational flexibility. Progress of the South Merensky module is on target, with the focus remaining on development of the decline system, with limited stoping in the upper mining levels. Stoping is continuing at the BS4 UG2 module and this will ramp-up during the remainder of the current financial year. Commissioning of the North aerial rope conveyor during the 2022 financial year has enabled the ramp-up of the North Merensky module to its phase two steady-state production rate.

At Eland mine, processing of ore from surface sources continues, whilst underground and open pit feed are being batch treated. Development of the Kukama and Maroelabult decline systems are progressing well, as are strike and raise development. This is increasing mineable reserves. Strike development has connected the two mining sections, which is enhancing the provision of underground services. Underground stoping ramp-up is in progress.

We continue our measured approach with our US recycling operations. The commissioning of a dedicated smelter circuit for treating recycling material at the Zondereinde metallurgical facility during May 2022, has enhanced our ability to treat recycling products from various sources.

Our KPI's encompass these operational initiatives and focus on motivating employees ensuring value is created for shareholders and stakeholders alike.

Underground training at Booysendal

Effective project execution

Assembled headgear for Number 3 shaft

Construction in progress at the Zondereinde Western extension project

Zondereinde Western extension

The addition of the Western extension will allow Zondereinde to increase its annual production to 350 000 oz 4E and has extended its remaining life of mine to over 30 years. Furthermore, the expanded mining footprint is enabling the creation of direct, meaningful, sustainable employment for an additional 600 people.

The acquisition of the Western extension in early 2018 provided Zondereinde with immediate access to an additional 3.6 kilometres of mineable strike to the west of its existing underground operations. Exploration data indicates that this section contains PGM Mineral Resources of over 20 Moz 4E within both the Merensky and UG2 orebodies. The Merensky Reef predominantly comprises the high-grade P2 sub-type and the ground is unaffected by any significant faults or dykes. This should allow efficient mining.

The development of new surface access into the Western extension, supplementing access *via* existing underground tunnels developed from Zondereinde's main shaft complex will further improve mining efficiency. This new surface access, termed the Number 3 shaft complex is currently underway.

During the financial year, almost 4 700 metres of access tunnels have been advanced within the Western extension section, which is over 400 metres above plan. Strike development on some levels is beyond the fourth mining line, whilst raises are being developed on the third mining line. Stoping and ledging is in progress on the first two mining lines and almost 480 000 tonnes of Merensky Reef have been extracted, yielding just over 87 000 oz 4E in concentrate. Crew productivity is continuing to benefit from the combination of better mining conditions and focused logistics over the ten mining levels comprising these lines.

Chairlift decline development continues and holings between 3 and 5 levels have been completed. Equipping has commenced, whilst development on other levels continues. Progress on the Number 3 shaft complex access project is on track. Number 3 shaft is designed as a conveyance for personnel and materials, together with services, including ventilation, process water, tailings slurry for backfill placement underground, and electricity. 3a shaft is a dedicated, upcast ventilation way. Both have depths of 1 382 metres and are developed through raise-boring from surface.

Accuracy in pilot drilling of the shafts is a critical success factor. We utilise directional drilling technologies normally applied in the oil industry. Piloting of Number 3 shaft was successfully completed in July 2020 and lateral deflection of the hole was limited to less than 20 centimetres. Reaming of Number 3 shaft to a final diameter of 4.8 metres commenced in December 2020 and was successfully completed in April 2022. This is a world record achievement. The shaft is currently being equipped and is scheduled to be operational in 2024. Pilot drilling of 3a ventilation shaft commenced during the second half of the previous financial year and was successfully completed during January 2023. Reaming to a final diameter of 4.8 metres has commenced. It is scheduled to be operational in 2024, in line with Number 3 shaft.

Earthworks, civil engineering and construction of surface infrastructure to support the shaft complex is underway. An Eskom intake yard has been commissioned and energised. The shaft winder-house has been constructed and equipped, and the steel headgear has been erected and commissioned. Civil construction of the hydropower refrigeration plant is in progress. The schedule for all surface work is aligned to shaft commissioning.

The pilot drilling for a third shaft, 3b, designed for rock hoisting, has commenced. This is expected to be commissioned in 2028 and will allow optimal ore extraction from the Western extension.

A view of the assembled headgear for Number 3 shaft at Zondereinde


CONVEYOR DECLINE

Underground infrastructure at Booysendal South mine

Booysendal South mine

The current development of the Booysendal South mine includes three UG2 modules (BS1, BS2 and BS4), together with a single Merensky module (BSM), which collectively unlock Mineral Reserves of almost 7 Moz 4E, mineable for approximately 25 years. Furthermore, from 2025, the combined modules will annually produce in the order of 250 000 oz 4E in concentrate, doubling Booysendal North mine's PGM production.

In so doing, Booysendal South is creating direct, meaningful, sustainable employment for 3 500 people and will significantly benefit both the local and national economies.

Booysendal's Mineral Resource base is significant. Mine development, which commenced in 2010, concentrated on the north-eastern portion of the property, with the North UG2 (BNU), followed by the North Merensky (BNM) modules. This was due to the property's challenging topography, with best access and availability of sites for surface infrastructure to support underground mining located in the north-east.

The provision of surface infrastructure, including a large PGM and chrome concentrator, together with a TSF, was the key strategic driver for the acquisition in 2015 of the Everest mine from Aquarius Platinum (South Africa) Proprietary Limited. This essentially unlocked the potential for mining in the southern portion of Booysendal. The Booysendal South mine project subsequently commenced.

Following completion of supporting surface infrastructure and underground development to the capital footprint, focus at the BS1 and BS2 modules shifted to stoping build-up. The number of stoping crews has now reached the steady state complement and production is currently averaging over 250 000 ore tonnes per month. Decline development at BS1 and BS2 collectively exceeded 2 700 metres for the year, whilst 2.4 million tonnes of ore have been delivered to the South concentrator, generating almost 185 000 oz 4E in concentrate.

Development of declines at the BSM module continues, with 3 050 metres advanced to date. Ore from the BSM module, together with that from the BNM module is being fed to the South concentrator *via* the North aerial rope conveyor. This was commissioned, on plan, in December 2021 and is operating within design parameters. The BNM module has now ramped-up to its phase two capacity of approximately 50 000 oz 4E in concentrate per annum.

Stoping build-up continued at the BS4 UG2 module, producing almost 16 000 oz 4E in concentrate during the year. Ramp-up will continue to an annual steady state of around 25 000 oz 4E in concentrate during the remainder of F2024.

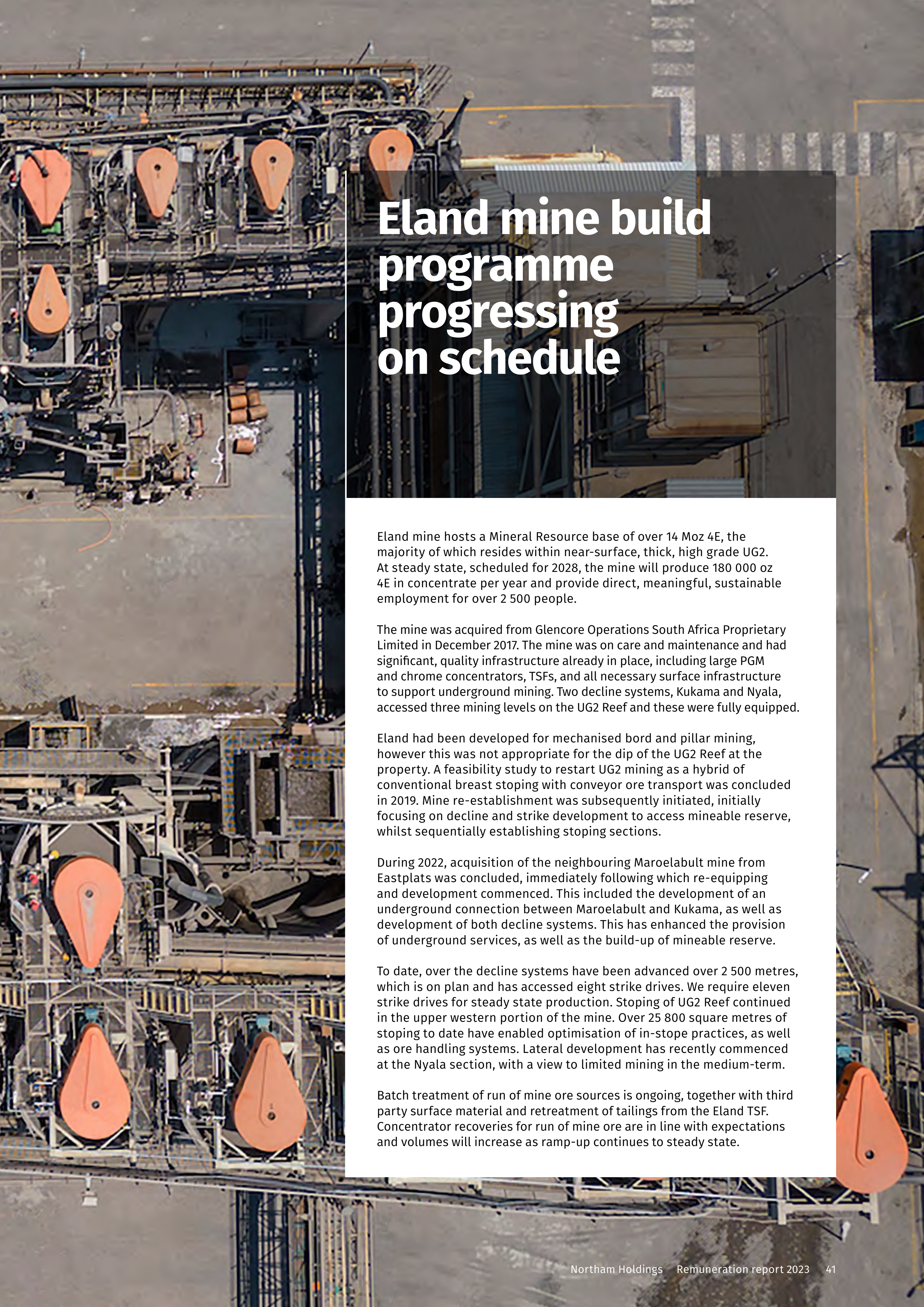
Upgrades to the concentrator circuit together with its supporting logistical infrastructure that were completed during the previous financial year, have allowed a throughput rate of over 275 000 tonnes per month. Re-configuration of the South TSF is progressing well, whilst permitting for an expansion to the TSF is in progress. This will enable further concentrator throughput, together with storage capacity for the life of South mine.

Overall, Booysendal South mine is well on track. It is essentially beyond the project phase, and we look forward to continued stoping ramp-up over the coming year.

Booysendal South mine Merensky module (BSM1)

Chrome concentrator and stacker pad at Eland mine

Flotation circuit of the Eland PGM concentrator



Eland mine build programme progressing on schedule

Eland mine hosts a Mineral Resource base of over 14 Moz 4E, the majority of which resides within near-surface, thick, high grade UG2. At steady state, scheduled for 2028, the mine will produce 180 000 oz 4E in concentrate per year and provide direct, meaningful, sustainable employment for over 2 500 people.

The mine was acquired from Glencore Operations South Africa Proprietary Limited in December 2017. The mine was on care and maintenance and had significant, quality infrastructure already in place, including large PGM and chrome concentrators, TSFs, and all necessary surface infrastructure to support underground mining. Two decline systems, Kukama and Nyala, accessed three mining levels on the UG2 Reef and these were fully equipped.

Eland had been developed for mechanised bord and pillar mining, however this was not appropriate for the dip of the UG2 Reef at the property. A feasibility study to restart UG2 mining as a hybrid of conventional breast stoping with conveyor ore transport was concluded in 2019. Mine re-establishment was subsequently initiated, initially focusing on decline and strike development to access mineable reserve, whilst sequentially establishing stoping sections.

During 2022, acquisition of the neighbouring Maroelabult mine from Eastplats was concluded, immediately following which re-equipping and development commenced. This included the development of an underground connection between Maroelabult and Kukama, as well as development of both decline systems. This has enhanced the provision of underground services, as well as the build-up of mineable reserve.

To date, over the decline systems have been advanced over 2 500 metres, which is on plan and has accessed eight strike drives. We require eleven strike drives for steady state production. Stoping of UG2 Reef continued in the upper western portion of the mine. Over 25 800 square metres of stoping to date have enabled optimisation of in-stope practices, as well as ore handling systems. Lateral development has recently commenced at the Nyala section, with a view to limited mining in the medium-term.

Batch treatment of run of mine ore sources is ongoing, together with third party surface material and retreatment of tailings from the Eland TSF. Concentrator recoveries for run of mine ore are in line with expectations and volumes will increase as ramp-up continues to steady state.

Grinding media used in the concentrator valued at R219.4 million at year-end

Our metallurgical facility

The group's operational growth strategy is both increasing the throughput of the metallurgical operations, as well as increasing the number of feed streams.

This is necessitating commensurate upgrades to the capacity and flexibility of all processes, the requirements and scheduling of which have been informed by thorough production capacity analysis.

These upgrades will maintain our status as an independent PGM producer, benefitting from the full mine to market value stream. Northam's metallurgical operations, located at Zondereinde, treat PGM and base metal concentrates from our three mines, as well as from third parties.

This is in addition to high value feeds from our US recycling business. The metallurgical operations include a smelter facility, together with a BMR, which collectively produce high grade precious metal concentrate that is subsequently toll-refined off-site to final saleable metal.

The main smelter facility comprises two independent furnaces (furnace 1 and furnace 2) with two flash dryers upfront and two iron reduction convertors. This produces convertor matte that feeds the BMR, wherein nickel is removed as a nickel sulphate precipitate and pure copper plate is removed in an electro-winning circuit. The remaining high grade precious metal concentrate is shipped to our two toll refiners.

The upgrade programme to our metallurgical operations commenced in earnest in 2017 with the construction and commissioning of furnace 2, together with its dedicated concentrate dryer.

Upgrades to the material handling and logistical infrastructure at these operations were completed during F2021. These included improvements to the logistical flow at the smelter facility, increased the size and number of concentrate storage paddocks and upgraded concentrate sampling and weighing arrangements.

A scheduled rebuild of furnace 1, which commenced during May 2021, was completed during the first half of the previous financial year. This included upgrades to the furnace crucible, binding system, furnace electrodes and transformers. In addition, the slag handling system was changed from a wet (water granulation) to a dry (air cooling) process. Upgrades to one of the up-front dryers, which included an electrostatic precipitator were finalised during the same period. This has enabled increased throughput, enhanced efficiency, provided additional flexibility in the smelter circuit and improved air quality, especially relating to emissions of particulate matter.

The slag-handling systems of both furnaces have now been changed from wet to dry. This has significantly reduced operational risk, energy requirements (and consequent greenhouse gas emissions) and is permitting optimised furnace capacity and utilisation.

Upgrades to the BMR, to align capacity to that of the smelter circuit, remain in progress. Additional copper electro-winning cells were commissioned and upgrades to the second stage leaching circuits have been completed. Construction of a second nickel sulphate crystalliser is in progress. In addition, vacuum pan dryers were installed. These reduce sulphur dioxide emissions in the BMR. Further improvements will run in a sequential manner over the coming three years. The construction of a separate, dedicated smelter circuit for treating recycling material was completed during the previous financial year. This comprises two furnaces with all ancillary infrastructure. These are operating within design specifications, which has improved the throughput and management of recycled metal.

Expansion and upgrade of the furnace slag concentrator has commenced. This is sized for our medium-term steady-state production profile and will be commissioned during the first half of F2024.

The development of an 80 MW solar power farm to provide electricity to the metallurgical complex, as well as to Zondereinde mine is also in progress. The design and permitting phases for this installation are in progress, and earthworks are planned to commence prior to end of the current calendar year. The previously planned 11 MW facility has been subsumed into this larger project.

Executive remuneration at threshold, on target and at stretched performance.

The impact of our remuneration philosophy is that a higher proportion of the total pay is linked to performance.

Below is an illustration of the potential earning of the executives at a threshold, on target and at stretched performance:

At threshold:

	Guaranteed pay (R000)	12.5% pension allowance (R000)	STI performance bonus (R000)	LTI reflected (R000)	Total (R000)
CEO	11 231	1 404	–	–	12 635
CFO	5 490	686	–	–	6 176

No STI or LTI is paid for at threshold performance, and the executive directors will only receive their guaranteed pay and pension allowance. No further benefits will be paid at threshold levels.

On target:

	Guaranteed pay (R000)	12.5% pension allowance (R000)	STI performance bonus (R000)	LTI reflected (R000)	Total (R000)
CEO	11 231	1 404	5 616	7 884	26 135
CFO	5 490	686	2 745	3 854	12 775

STI performance bonus reflects on target performance where at least 95% of all KPI's have been met.

LTI reflected is calculated with all KPI's associated with management's performance achieved in full, but dependant on the share price performance.

At stretched performance (maximum payout):

	Guaranteed pay (R000)	12.5% pension allowance (R000)	STI performance bonus (R000)	LTI reflected (R000)	Total (R000)
CEO	11 231	1 404	14 039	11 826	38 500
CFO	5 490	686	6 863	5 781	18 820

Executive remuneration

Remuneration benchmarking

Executive director remuneration benchmarking

Deloitte Consulting Proprietary Limited (Deloitte) performed an independent benchmarking exercise of the executive directors' remuneration, against comparative companies in the South African mining sector.

Market capitalisation, total assets, number of employees and total employment costs were used to identify appropriately sized precious metals and mining sector companies of comparable grid size.

This mining peer group included:

- Anglo American Platinum Limited
- Impala Platinum Holdings Limited
- Royal Bafokeng Platinum Limited
- Kumba Iron Ore Limited
- AngloGold Ashanti Limited
- Gold Fields Limited
- African Rainbow Minerals Limited
- Exxaro Resources Limited
- Sibanye-Stillwater Limited
- Harmony Gold Mining Company Limited
- Thungela Resources Limited

Based on the benchmarking outcomes, the following was noted by Deloitte:

- The guaranteed pay is competitive and broadly aligned with the market benchmark, in comparison to the market capitalisation of Northam versus its peer group
- On-target pay aligns with peers at the market median

A copy of their report is available on request.

Non-executive directors fee benchmarking

Deloitte was also engaged to conduct a benchmarking to inform a review of the non-executive director fees.

Northam's overall approach to non-executive directors fees is consistent with the practices in the majority of the peer group companies, with an annual board fee as a base fee and additional committee fees paid based on the chairperson and member roles on sub-committees of the board.

The independent benchmarking exercise performed during the previous and current financial year indicated that the group's non-executive directors' remuneration is significantly positioned below the 25th percentile in comparison to market peers.

Both the chairman and the lead independent director's annual fees are below the 25th percentile with the comparison ratio of 19% to the median for the chairman and 35% to the median for the lead independent director. The finding of Northam's fees being below the 25th percentile of the market was also reflected in the comparison of average fees paid per individual non-executive director.

Shareholders will be engaged during the coming financial year to agree on a roadmap for increases in non-executive director fees that is fair and sustainable, taking into account the size of the company and its aim for non-executive director pay to be within the 25th to 50th percentile of the peer group. Non-executive director remuneration should also take cognisance of the need for remuneration to be reflective of the role directors play, as well as enabling the retention of talent in a shrinking talent pool.

A copy of their report is available on request.

Equal pay for equal work

The Employment Equity Regulations introduced the provisions for equal pay for work of equal value. These regulations address the unequal treatment of employees in respect of remuneration and other terms of employment, obliging employers to identify and correct any instances of unjustified differentiation.

At Northam we ensure that employees receive equal pay for work of equal value.

Lowest renumerated individual within the group basic pay per month

	F2023	F2022	F2021
Surface employee without a grade 12 qualification	R25 100– R26 400	R22 800 – R24 400	R18 200 – R20 000

Lowest paid individuals in the group are surface employees. Underground employees also receive production related performance bonuses.

Part 2: Our remuneration philosophy and policy

The remuneration philosophy and policy focuses on executive directors' remuneration. Executives must be remunerated in accordance with the strategic goals and objectives of the group.

Patience Mabotha, Environmental intern at Booysendal


I am important
HEAD & SHOULDERS
ABOVE THE REST
HLOGO LE MAGETLA
GODIMO GA TSOHLE

Our remuneration philosophy and policy

This section provides information to demonstrate how our remuneration philosophy and policy provides fair, reasonable and responsible remuneration which will create shareholder value.

The policy is designed to support the group's strategic goals, aligning the interests of executives with those of our shareholders.

A key element of our growth strategy has been to diversify our operations to reduce overall operational risk, which safeguards and creates value. Operational risk is an under-appreciated consideration in mining.

Our focus over the past decade has been to grow production down the industry cost curve, whilst benefitting from a commensurate reduction in operational risk.

The committee endeavours to ensure that the remuneration philosophy and policy drives the required performance, which will support and promote the strategic goals and objectives of the group.

In this section of the report we summarise the key principles of our remuneration philosophy, followed by detailed explanations of our fixed and variable pay and how these impact shareholder value.

Critical skills and the potential loss of key personnel has been identified as one of the group's top ten strategic risks.

This risk has been described in the group's F2023 annual integrated report as follows:

"Mining employs specific and specialist skills. The availability and development of these skills are critical to operational sustainability. In addition, key personnel are a repository of corporate intelligence and have significant influence over the success or failure of the business. The availability of critical skills, together with adequate succession planning within the organisation are fundamental requirements."

A recent increase in employee turnover, as well as challenges to attract and retain talent (critical skills), have increased the risk relating to critical skills and staff retention. This is due to competition within the PGM sector, with miners targeting the same talent from a small pool of experience in South Africa.

The various elements of our remuneration are therefore aimed at attracting and retaining employees, with appropriate experience and expertise, to enable the group to execute on our strategy of growing the company down the cost curve and thereby creating value for all stakeholders.

The principles of our remuneration philosophy:

Remuneration principle	What we do
Attract, motivate and retain talent	Northam aims to **attract, motivate and retain talent** at all levels, particularly those employees with scarce or critical skills, through fixed and variable remuneration. This includes incentivising and rewarding employees for their performance. We have clear talent retention and development strategies in place. We invest in experienced talent and leverage their knowledge to upskill new talent, thereby facilitating the transfer of knowledge and succession planning.
Fair, reasonable and responsible reward	We are committed to fair and sustainable remuneration practices. We offer remuneration packages that are competitive, fair, reasonable and responsible in all respects for all employees, in the context of company performance. Employee working conditions, salaries and wages are regularly reviewed, including benchmarking against mining sector peers. We structure annual salary adjustments such that our lowest paid employees receive the highest percentage increases. On an annual basis a review is also performed to ensure that **equal pay for equal work** is received by all employees regardless of, *inter alia*, race and gender.
Applying best practice	We recognise that we do business within the legal framework of the country. We aim for **full compliance** with the laws and regulations as well as best practice.
Alignment of interest with those of shareholders	We provide an **appropriate mix of short-term versus long-term remuneration**, as well as fixed versus variable remuneration. Remuneration takes into consideration the interests of all stakeholders and in particular our shareholders.
Reward for substantial performance	**Remuneration is linked to performance**, with appropriate and stretched performance targets, designed to facilitate the achievement of the group's strategic goals and objectives. This approach rewards substantial performance and motivates our people.
Consistency of reward package elements	We ensure **consistency** and provide all our stakeholders with **clarity** and certainty with regard to our KPI's and remuneration policies.
Variable remuneration must be based on stretched targets	Our KPI's focus on basic mining principles of enhanced safety, increasing production, and cost control. A key priority for Northam always has been the ongoing care and wellbeing of our employees. Safety is therefore a key element when determining KPI's. Underground mining carries a high fixed proportion of total costs and production volumes therefore drive the unit costs and ultimately the profitability of the group. **Meeting and exceeding production targets are a key KPI.** These mining principles are the basis of the KPI's set, ensuring the creation of shareholder value.
Gender pay gap	We are committed to **gender equality** and equal pay for equal work.

Outcomes	
▪ At Northam **it is our people that make our business successful** and we believe that we have an exceptional team that optimises our world-class assets ▪ Our board and executive management team are **highly experienced** across multiple disciplines and have an **excellent track record** of effectively and responsibly directing and managing our operations, whilst growing the business and successfully delivering on all projects	▪ We embrace a culture of innovation, demonstrated through our empowerment transaction, our ability to take measured risk when it comes to the application of new technology and our track record of smart acquisitions ▪ We have a **strong and cohesive team** that assesses risk and return, making swift but measured decisions on which we follow through. This is the nature of our business – it is the way we do things, and our track record demonstrates this
▪ Northam has a large workforce and its **stability and morale** can significantly impact the group's production, performance and therefore profitability	▪ Our **remuneration is in line with ethical policies** which uphold human rights and support inclusion and diversity. Race and gender are not determinants for individual pay levels
▪ We continue our **compliance with all statutory and regulatory requirements**, as well as our commitment to applying best practice guidelines in all aspects of remuneration and benefits	
▪ Understanding and responding to the concerns and views of our investors are critical, as is appraising them of how capital is being deployed, how our growth strategy is evolving and how the operations are performing	▪ Through our **remuneration philosophy and policy we make every effort to enhance shareholder value** by driving value creation through our strategic goals and objectives
▪ Underground mining carries a high fixed proportion of total costs. **As such, production volumes drive the unit costs and ultimately the profitability of the group** ▪ Under performance of operational assets (infrastructure and orebodies), resulting in production targets not being met, can be devastating for shareholder value	▪ **Lower production volumes compromises operational profitability** which negatively impacts the group's cash position, jeopardising sustainability and ultimately lowering the enterprise value of the group ▪ These are key considerations when determining KPI's included in variable remuneration to ensure value creation
▪ There is a **clear understanding of targets and KPI's** for employees and shareholders alike, aligning the interest of employees and executives with those of our shareholders	
▪ Failure to ensure the health and safety of employees, as well as the inconsistent application, lack of, or non-adherence to health and safety protocols results in occupational diseases, injuries, or even fatalities ▪ This is likely to affect morale and will ultimately result in reputational damage and could compromise our licence to operate ▪ Potential work stoppages and associated downtime is costly and have an adverse impact on operations and ultimately operational performance	▪ **Underperformance of operational assets** (infrastructure and orebodies) results in production targets not being met and the potential destruction of shareholder value ▪ Lower production volumes compromise operational profitability which negatively impacts the group's cash position and jeopardises sustainability ▪ **Mining inflation remains well above consumer price index levels**, impacting profitability as cost control is very important in creating shareholder value
▪ Women have always been pivotal in developing and improving the lives of those around them and it is no different in the workplace	▪ **At Northam we celebrate the important role that women play** in our company and feel strongly that women should receive equal pay for equal work

Employee bands

The group remuneration structure employs the Paterson grading system, which is widely used in mining and manufacturing industries across South Africa. This system grades roles according to the number and type of decisions an employee is required to make in the execution of his or her duties.

Below is an explanation of the various Paterson bands:

Paterson band	Type of decision	Organisational level
A	Defined	Unskilled employees
B	Automatic	Semi-skilled employees
C	Routine	Skilled employees
D	Interpretive	Middle management
E	Programming	Senior management
F	Policymaking	Top management

Remuneration governance

The board and the committee provide the necessary oversight across the various elements of the group's remuneration policy.

The committee has an independent role, providing oversight and making recommendations to the board for consideration and approval, where required, in respect of remuneration matters relevant to the group.

The committee contributes to the long-term financial and commercial viability of the group by reviewing and overseeing the development and implementation of the group's remuneration policy, enabling the group to attract and retain employees.

The committee's mandate is aligned with the provisions of the Companies Act, the Companies Regulations, the MOI and any other applicable laws and regulatory provisions including King IV™ and embraces best practice.

Please also refer to the group's Corporate governance report for details on all governance areas and the committee's responsibilities. The levels of authority governing remuneration are set out below:

Remuneration committee	The board	Shareholders and other stakeholders
▪ Provide oversight over the development and implementation of the group's remuneration policy ▪ Review remuneration, ensuring it is fair, reasonable and responsible in the context of overall remuneration and the performance of the group ▪ Engage shareholders on the remuneration policy and the implementation report ▪ Shareholder feedback is reviewed and discussed by the remuneration committee, with changes made to the remuneration policy or implementation thereof, as required	▪ Review and approve the remuneration of executive directors ▪ Annually review, together with management and the social, ethics, human resources and transformation committee, the succession plans for senior management, across all operations ▪ Ensure that the recommendations by the remuneration committee adhere to good corporate governance practices and are aligned with the strategy of the group ▪ Recommend non-executive director remuneration for approval by shareholders ▪ Receive feedback and provide oversight of the shareholder engagements by the committee	▪ Cast their non-binding vote on the remuneration policy and implementation report at the AGM ▪ Vote on the appointment or re-appointment of non-executive directors at the AGM ▪ Provide feedback on executive remuneration and the governance thereof through periodic engagements with the chairperson of the remuneration committee

Our measures of performance are linked to our strategy and focus on value creation, as summarised below:

Performance measure	Value creation
Continuing to focus on the safety performance of our employees See page 22 of this report.	It is our aim to improve the safety performance and the health and wellness of our employees. We do this by continuously seeking to reduce injuries, applying appropriate technologies and methodologies, communicating and training, as well as reinforcing operational standards and responsibility.
Operational performance through managing performance targets See page 26 of this report.	It is the role and responsibility of the executives to ensure that the strategic targets set by the board are met. The success of the group's strategy of growing production down the cost curve affects shareholder value.
Effective cost control See page 26 of this report.	Underground mining caries a high fixed proportion of total costs. As such production volumes drive the unit costs and ultimately the profitability of the group. Challenges remain, particularly in respect of mining inflation. Cost control and management of costs are critical in maintaining our relative position on the sector cost curve and thereby creating value for shareholders, even during depressed market conditions.
Capital allocation – Effective project execution See page 28 of this report.	The group has a large capital expansion programme in place to secure its future through the creation of long-life, low-cost operations. Successful project execution is key to creating a sustainable business for the long-term benefit of all stakeholders, and in particular shareholders.
Sustainability – Managing the environmental impact of our operations and conserving natural resources See page 56 of this report.	We make every effort to minimise our environmental impact; we seek to comply with all environmental legislation and where possible we set aside land for biodiversity conservation. We strive to mitigate our impact through careful planning, operational efficiencies, environmental rehabilitation and the establishment and conservation of biodiversity offset areas.

ESG KPI's

Additional ESG KPI's, over and above safety, will be included in the executive directors' scorecards from F2024 onwards as per shareholder requests.

These will be focusing on women in mining, transformation targets, water recycling and the implementation of the renewable energy strategy against determined milestones to ensure appropriate focus is given to climate change.

Refer to page 73 for ESG targets for the proposed KPI's.

Managing the environmental impact of our operations and conserving natural resources

Zebra in the conservation area at Eland mine

Environmental focus areas of the board, managing climate change throughout the years

The impact of climate change	Biodiversity, our contribution through the Buttonshope Conservancy Trust	Water use and water use licences
▪ In 2021 we set a target for 2030 to reduce total GHG emissions by 27% and our carbon intensity by **60% from a 2019 baseline.** We have made good progress in drafting our roadmap to achieve these targets, which will include a combination of onsite solar installations and two wind energy projects. ▪ Installation of two smaller solar rooftop installations completed at Eland and Booysendal. ▪ Scope 1 and 2 GHG emission intensity **reduced by 20% from 2019** baseline to 165kg CO_2e/tonne milled	▪ The Buttonshope Conservancy Trust (the Trust) was established in 2011 specifically to manage Booysendal's conservation efforts given the mine's location within the Sekhukhune Centre of Plant Endemism, a biodiversity rich region which has been described as irreplaceable by the Mpumalanga Tourism and Parks Agency (MTPA) ▪ The extent of offset areas are guided by the National Draft Biodiversity Offset Policy and **equal 30 times** the extent of area impacted by mining. Riverine systems and catchments to these are critical areas for environmental conservation ▪ Adding 802 hectares to the existing offset area, now totalling **4 141 hectares** dedicated to the Trust ▪ Total land with conservation status (formal and unproclaimed) at 8 407 hectares, which represents 57.1% of combined land under management by Booysendal and the Trust ▪ Northam has committed to financial contribution to the Trust for life of mine	▪ All of Northam's operations hold **valid water use licences** (WUL) ▪ By their very nature, mining operations use large amounts of water, mainly in extraction activities. Water supply is included as one of the group's strategic risks underpinning the objective of the operations to minimise water use from natural sources, whilst maximising the re-use and recycling of water ▪ **86% of all water used** by the group is from **recycled sources**
Executive director responsibility Implementation of the renewable energy strategy against predetermined targets	Both executives are trustees of the Buttonshope Conservancy Trust with committed contributions for life of mine	Percentage of water must be recycled at all operations

Reducing our GHG emissions - to minimise our impact on climate change

- The smelter furnaces and convertors are sources of sulphur dioxide (SO_2) and particulate matter (dust) emissions in off-gases
- The refurbishments and upgrades made improve ground level and point source concentrations of SO_2 and dust, both within and in the vicinity of the metallurgical complex
- Zondereinde is also in the process of implementing an **air quality offset programme** as a condition of its Atmospheric Emissions Licence as part of the stack emission limit postponement agreement
- Additionally, all operations have extensive networks of dust buckets to monitor dust fallout from production activities at the mine. The dust fallout rate from all monitoring points at the three operations were within the defined industrial limits set in the National Dust Control Regulations

Implementation of the renewable energy strategy against predetermined targets

Mine rehabilitation

- In terms of, *inter alia*, the National Environmental Management Act (NEMA), a mining entity is required to make financial provision for decommissioning and restoration costs which will be incurred upon the cessation of mining activities
- Northam makes **full provision** for both restoration as well as decommissioning liabilities in terms of the **commercial closure cost** assessments, which are updated on an annual basis, using an independent third party
- Where possible, continuous and **ongoing rehabilitation** is performed by all mining operations

Full DMRE compliance

The impact of climate change

Climate change affects the social and environmental aspects of life, including clean air, safe drinking water, sufficient food and secure shelter. It is estimated by the World Health Organization that between 2030 and 2050, climate change is expected to cause approximately 250 000 additional deaths per year from malnutrition, malaria, diarrhoea and heat stress. Developing countries, like South Africa, will be the least able to cope without assistance to prepare and respond.

Climate change is already impacting health in multiple ways. More frequent extreme weather events like heatwaves, storms and floods are causing deaths and illnesses. Food supply systems are being disrupted, leading to increases in zoonotic diseases and food, water and vector-borne illnesses. Mental health problems are also on the rise due to these environmental changes. Moreover, climate change is eroding critical social determinants such as livelihoods, equality and access to healthcare and support structures. These health risks are disproportionately affecting the most vulnerable and disadvantaged groups, including women, children, ethnic minorities, impoverished communities, migrants, the elderly and those with pre-existing health conditions.

The reality is that climate change is the single biggest health threat facing humanity, and health professionals worldwide are already responding to the health related issues caused by this unfolding crisis.

Climate change will also impact water resources. Flooding is increasingly an issue, as are droughts. It is therefore of the utmost importance that we protect our water resources. This all has a significant impact on ecosystems and its organisms, which are all important for human existence.

As a good corporate citizen we therefore have a role to play in climate change to ensure that we minimise the impact on the environment as far as possible.

On the social side our employees are individuals from the local communities in which we operate, whose spending power makes a difference in those communities. These communities are in some of the least economically developed areas in South Africa and the need is great. Opportunities and financial resources are also scarce.

In the mining industry it is important to note that the dependency ratio per employee is approximately 8 to 10. Due to the increase in inflationary pressures felt by all South Africans, the dependency ratio adds to the financial burden experienced by our employees. These are all factors that we consider as part of our remuneration policy and strategy.

Northam has always recognised the role that we need to play in the communities in which we operate to ensure that we make a positive lasting impact.

The group has created more than 12 300 sustainable direct new jobs since 2015. We employ mostly from the local communities and train and upskill individuals, some of whom are novices.

Recognising the importance of climate change and the role that Northam must play, we have incorporated additional ESG elements into our remuneration policy from F2024, focusing on women in mining, transformation, water usage and greenhouse gas emissions, which highlights the importance of climate change.

The Buttonshope Conservancy Trust area

Biodiversity, our contribution through the Buttonshope Conservancy Trust

The Buttonshope Conservancy Trust was established in 2011 specifically to manage Booysendal's conservation efforts. The mine is located within the Sekhukhune Centre of Plant Endemism, a biodiversity rich region which has been described as irreplaceable by the Mpumalanga Tourism and Parks Agency (MTPA).

It is funded through guaranteed revenue contributions from Booysendal and is governed by a board of trustees with representation from Northam, the MTPA and independent environmental practitioners.

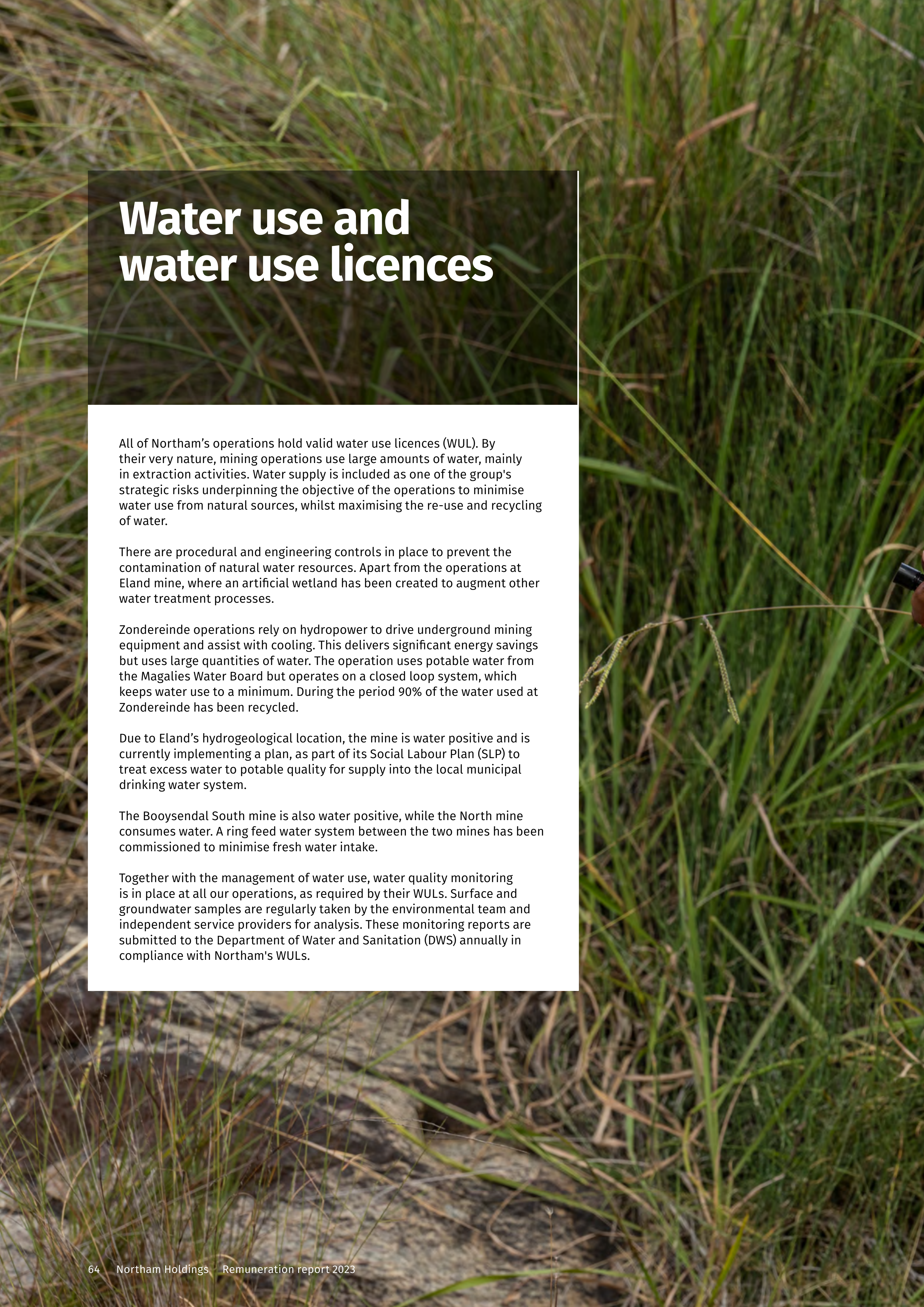
A biodiversity offset agreement was concluded between the Buttonshope Conservancy Trust, the MTPA and Booysendal in a benchmark example of public–private collaboration. It commits the Trust, *inter alia*, to further expand its offsets and land under management, in line with the MTPA's long-term conservation goals.

All offset areas are managed in accordance with an approved management plan as required by the National Environmental Management Protected Areas Act No. 57 of 2003.

It also makes provision for all the protected areas managed by the Trust to be donated to the MTPA upon the cessation of mining. Booysendal has a land management department that employs a professional land manager to carry out the duties of the Trust. This department is fully funded by the Booysendal mine, but operates largely independently of the operations.

The extent of offset areas are guided by the National Draft Biodiversity Offset Policy and equal 30 times the extent of area impacted by mining. Riverine systems and catchments to these are critical areas for environmental conservation.

In light of this, areas chosen for offset include a unique area of montane grassland, which gives rise to the headwaters of the Dwarsriver, the river that traverses the Booysendal mining area. It is envisaged that future expansions to the conservation areas will look to join the Buttonshope Conservancy Trust areas with those of the Verloren Vallei Nature Reserve, an internationally recognised wetland reserve.



Water use and water use licences

All of Northam's operations hold valid water use licences (WUL). By their very nature, mining operations use large amounts of water, mainly in extraction activities. Water supply is included as one of the group's strategic risks underpinning the objective of the operations to minimise water use from natural sources, whilst maximising the re-use and recycling of water.

There are procedural and engineering controls in place to prevent the contamination of natural water resources. Apart from the operations at Eland mine, where an artificial wetland has been created to augment other water treatment processes.

Zondereinde operations rely on hydropower to drive underground mining equipment and assist with cooling. This delivers significant energy savings but uses large quantities of water. The operation uses potable water from the Magalies Water Board but operates on a closed loop system, which keeps water use to a minimum. During the period 90% of the water used at Zondereinde has been recycled.

Due to Eland's hydrogeological location, the mine is water positive and is currently implementing a plan, as part of its Social Labour Plan (SLP) to treat excess water to potable quality for supply into the local municipal drinking water system.

The Booysendal South mine is also water positive, while the North mine consumes water. A ring feed water system between the two mines has been commissioned to minimise fresh water intake.

Together with the management of water use, water quality monitoring is in place at all our operations, as required by their WULs. Surface and groundwater samples are regularly taken by the environmental team and independent service providers for analysis. These monitoring reports are submitted to the Department of Water and Sanitation (DWS) annually in compliance with Northam's WULs.

Nthlomang Tumelo Mokomane
Environmental intern at Booysendal

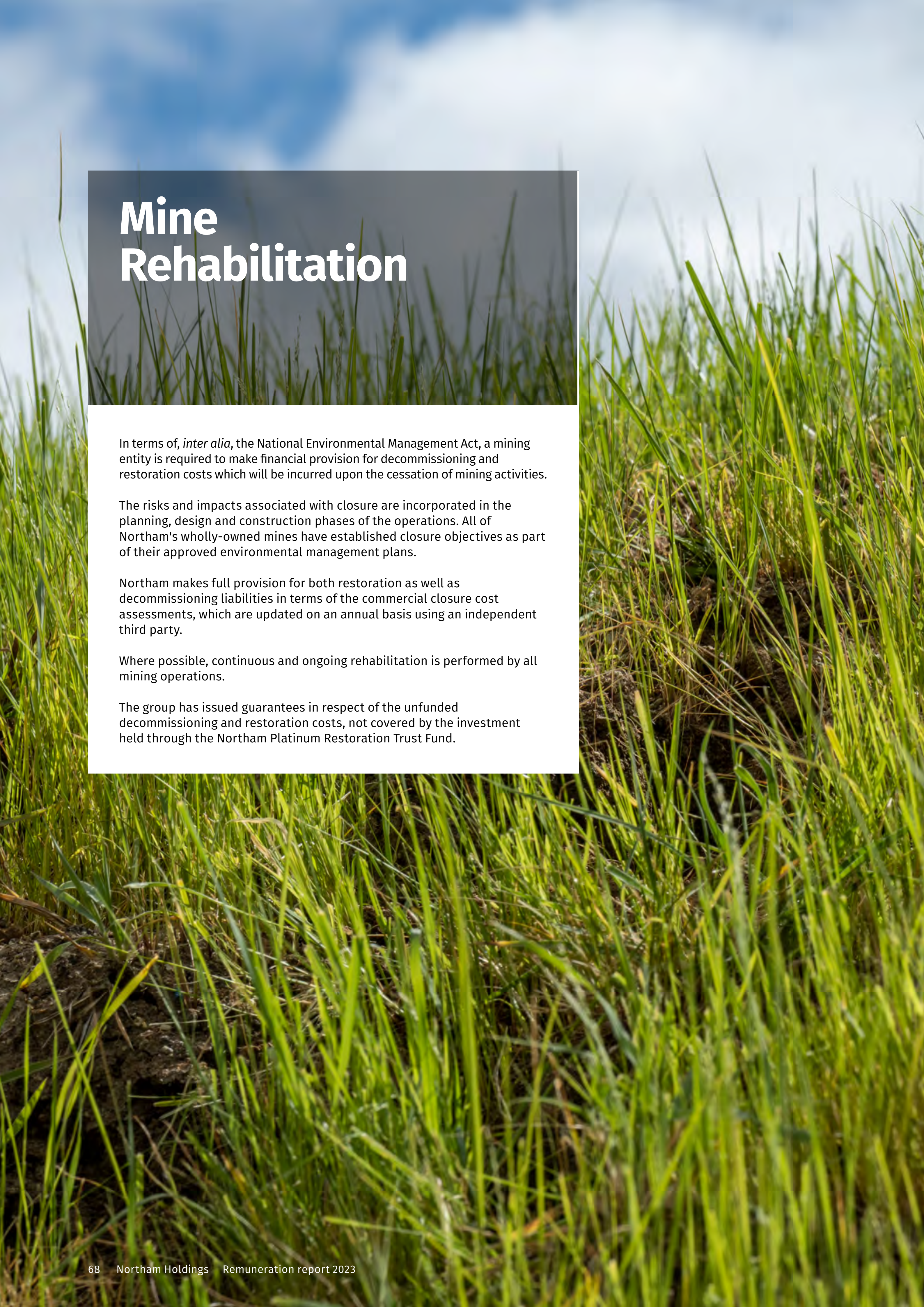
Charles Thilileli Singo, Environmental Coordinator at Zondereinde

Reducing our GHG emissions – to minimise our impact on climate change

Since inception, energy efficiency has been an important factor in the planning, design and economic performance of the group's operations. The imperative for energy efficiency has since grown to impact the future existence and sustainability of our business.

Some direct examples of initiatives already employed by the group, representing a 23% reduction in energy use and GHG emissions, include the following:

- Hydropower and backfill at Zondereinde – saving approximately 248 300 MWh or 230 000 tonnes CO_2e per year
- Dry slag handling at smelter furnaces 1 and 2 of the Northam metallurgical complex – saving approximately 12 900 MWh or 12 000 tonnes CO_2e per year, together with savings in water usage
- The aerial rope conveyor system to transport ore at Booysendal, comprising the integrated North and South conveyors – saving approximately 270 tonnes CO_2e per year. This saving will increase in line with the production ramp up at Booysendal
- Hydropower at Eland – saving approximately 1 500 MWh or 1 400 tonnes CO_2e per year
- Battery electric personnel carrier at Eland. This may roll out to include drill rigs and other underground vehicles – energy and GHG emissions savings are still to be determined for this application
- Emissions reduction project to improve ground level and point source concentrations of SO_2 and dust both within and in the vicinity of the metallurgical complex
- Air quality offset programme at Zondereinde as a condition of its Atmospheric Emissions Licence



Mine Rehabilitation

In terms of, *inter alia*, the National Environmental Management Act, a mining entity is required to make financial provision for decommissioning and restoration costs which will be incurred upon the cessation of mining activities.

The risks and impacts associated with closure are incorporated in the planning, design and construction phases of the operations. All of Northam's wholly-owned mines have established closure objectives as part of their approved environmental management plans.

Northam makes full provision for both restoration as well as decommissioning liabilities in terms of the commercial closure cost assessments, which are updated on an annual basis using an independent third party.

Where possible, continuous and ongoing rehabilitation is performed by all mining operations.

The group has issued guarantees in respect of the unfunded decommissioning and restoration costs, not covered by the investment held through the Northam Platinum Restoration Trust Fund.

Ongoing rehabilitation at Booysendal

Remuneration elements

Below are the various elements of our remuneration:

Guaranteed package, includes guaranteed pay plus pension benefits

The key objective is to reward all employees fairly taking into consideration their roles and responsibilities.

We aim to attract and retain competent individuals who will contribute to the growth strategy and therefore the success of the group.

On a regular basis **remuneration is benchmarked against industry peers** to ensure that we attract and retain competent individuals. Should benchmarking indicate that our remuneration is not in line with the market the necessary updates and adjustments are made.

We believe that our guaranteed package together with our various short, medium and long-term incentives attract and retain the best people.

Executive directors and members of management are employed in terms of their contracts of employment. Employment contracts are concluded on a permanent basis as a general principle (i.e. for an indefinite period), except where fixed-term or short-term temporary contracts are required for specific projects.

Guaranteed salaries are reviewed annually, with annual increases effective 1 July of every year, except on promotion of individuals, in which case they may be implemented during the year. Annual increases are based on performance, affordability and individual performance, taking inflation into account.

Employees have job profiles which stipulate the key performance areas of their positions. These serve as the basis for performance assessment and measurement and are linked to salary increases and bonuses.

Executive directors and all employees on a Paterson E level and above receive death and disability cover insurance, with specific conditions attached.

For union affiliated employees, guaranteed salary levels depend on the outcome of wage negotiations with the representative union. We currently have wage agreements in place at all our operations.

Various allowances and benefits are paid to union affiliated employees depending on their position. Specific consideration is also given to lower paid workers.

In addition to the guaranteed package, the company provides for a 12.5% pension contribution, with employees contributing 7.5%.

Employee benefits

- We offer appropriate leave to ensure that employees take sufficient time off work to rest and spend time with their loved ones
- Medical aid benefits are provided for all Paterson A to C band employees. All other employees are responsible for their own medical aid contributions. Platinum Health is however provided as an option to all employees. Platinum Health offers medical benefits to employees in the platinum industry at drastically reduced rates
- A number of housing benefits and home ownership programmes are in place for all employees, except for executive directors

Refer to our Sustainability report for details of the various housing benefits and home ownership programmes.

Short-term incentives (STI)

The key objective of our STI is to create a high-performance culture by rewarding employees for meeting and exceeding the groups objectives set by the board of directors. These objectives include both financial and operational targets.

Operational and financial targets are measured against the budget parameters and, if met, will create value for all stakeholders.

No STI is payable at or below threshold and the maximum is capped at 125% of the guaranteed pay (excluding pension).

STI only becomes payable at on target levels which is the company's set KPI's for performance for executives.

Due to the stretched nature of the KPI targets set by the group, achievement at threshold represents meeting or exceeding our budget.

We believe that the STI ensures behaviours that are aligned with shareholder value creation.

STIs are based on operational performance targets within the control of management, paid bi-annually for employees graded in middle management positions and above.

All other employees receive quarterly bonuses based on set production and safety targets.

The mechanics of the STI are well established in the group, however changes to the key performance areas and weightings are made on an annual basis, taking into consideration operational and financial requirements, to ensure it drives optimum performance.

Performance targets are set for each KPI, and their relative achievement percentage determines a score on a sliding scale. This score is then multiplied by the weighting percentage of each KPI to calculate an individual's final bonus percentage. The final bonus percentage is then applied to the employee's basic guaranteed pay, resulting in the calculation of the STI.

The KPI’s are specific to each operation and the targets identified for achievement in each particular year takes cognisance of key performance areas at each of the operations. Ultimately the KPI’s focus on inputs that will create shareholder value.

All amounts are paid in cash and no amounts are deferred or held back.

Rationale for the STI input elements

Safety is an imperative and recent safety incidents at Zondereinde require higher weighting for this KPI to be maintained at this operation.

Unit cash costs are a product of tonnes hoisted and grade divided by cost. Both Zondereinde and Booysendal incurred elevated unit cash cost values during the previous financial year. In addition, mill head grades for both operations fell short of budget in the prior year. Management’s ability to influence total cost is considered to be limited based on mines’ inherent fixed: variable cost splits.

As a result, higher weightings were applied to tonnes hoisted and equivalent refined metal from own operations (for Zondereinde), or total metals in concentrate produced from own operations (which have a mill head grade input), with a lower weighting applied to unit cost, in order to drive appropriate behaviour.

The selection criteria for determining the STI input factors and their weightings prioritise driving business success through safe mining practices, while maintaining low unit costs.

The table below sets out the individual weightings per KPI per operation for F2023:

	Unit	Zondereinde	Booysendal	Eland
ESG				
Safety	LTIIR	30%	20%	20%
Fatality penalty applies				
Operational				
Total decline development metres	m	–	5%	30%
Total tonnes hoisted	tonnes	20%	15%	10%
Total tonnes milled	tonnes	5%	10%	–
Total metals in concentrate produced from own operations	4E oz	–	35%	15%
Total equivalent refined metal from own operations	4E oz	25%	–	–
Financial				
Cash cost per 4E oz in concentrate produced	R/oz	–	10%	20%
Cash cost per equivalent refined 4E oz	R/oz	15%	–	–
Individual				
Individual performance	Rating	5%	5%	5%
		100%	**100%**	**100%**

The STI for executives are calculated on the basis that executive resources and time are being spent on all operations. The performance percentage is a combination of the operational mines achievement/performance percentages and will be weighted in the following manner, Booysendal and Zondereinde at 40% respectively and Eland at 20%.

A penalty will be recognised for a fatality, which is recognised in the safety statistics, as was the case in previous years and will continue to be included in KPI's going forward.

Individual performance is determined after assessing the employee's performance against their balanced scorecard.

Changes made to the remuneration policy with regards to STI

At the request of shareholders, we have incorporated additional ESG elements into our remuneration policy from F2024. These will focus on women in mining, transformation targets, water recycling and the implementation of the renewable energy strategy against determined milestones to focus our efforts on climate change initiatives.

The board and committee have always had a focus on ESG and believe that formalising these additional ESG KPI's will further enhance the group's contribution to the environment and society at large.

It is important to note that the developments at Eskom have affected the reliability and sustainability of electricity supply. If this situation continues without any meaningful improvement or intervention, it will compromise Northam's production. Unreliable electricity supply compromises the safety of underground employees and increases production downtime, ultimately impacting the profitability of the group. Management interventions are therefore critical and have been included as part of the KPI's for executive directors from F2024.

Targets and proposed weightings of additional ESG KPI's across all operations:

	Target percentage	Proposed F2024 weightings
Percentage of women in mining	20%	2.5%
Percentage of Historically Disadvantaged Persons (HDPs) in management	70%	2.5%
Percentage of water recycled per annum	85%	2.5%
Implementation of the renewable energy strategy against determined milestones	60%*	2.5%
Total proposed ESG metrics included in the STI performance targets for executive directors		**10%**

*60% carbon intensity reduction by 2030

From F2024 STI will be calculated by multiplying the current STI KPI's, as noted in the table on the previous page, by 90% and adding the proposed ESG metrics outlined above, which will make up 10% of the total STI payable to executives.

Medium to long-term share incentive plans (LTI)

The LTI is an incentive to participating employees to deliver on the strategy as well as a retention mechanism.

It provides participating employees with the opportunity to share in the success of the group and align the interests of participating employees and shareholders.

The LTI is applicable for all employees on middle management level and above and is based on a weighted combination of operational and market performance targets over a three-year period.

Operational targets in terms of KPI's are set by the committee and the board, and include at a minimum safety, mine development, production and unit cash cost as well as share price performance. Performance shares are granted annually, vesting after three years and settled in cash if performance targets are met.

The LTI focuses management's efforts over a three-year period in increasing shareholder value through focusing on what really matters in mining which is; safety, production and cost control which ultimately increases shareholder value.

In addition, focus is also placed on the group's share price performance, which ultimately determines the value created through the LTI over the three-year vesting period.

Overall company limit on LTI's

The aggregate number of shares which may be allocated for purposes of the Share Incentive Plan and the lock-in and incentive mechanism (LIM) shares, shall not exceed 19 879 000 shares (which represent approximately 4% of the number of issued shares as at 30 June 2016), of which 5 000 000 shares (which represent approximately 1% of the number of issued shares as at 30 June 2016) will be allocated for purposes of awards of LIM shares. To the extent that there is a discrepancy between the number of shares and the percentage of issued shares it represents, the number of shares will take precedence.

As at 30 June 2023, the total number of shares allocated to employees including LIM shares totalled 8 365 400, which represents 2.1% of the total issued share capital of the group.

Other elements of our remuneration across the group

Sign on awards

In exceptional circumstances for certain critical skills, management has the discretion to negotiate a sign on award.

For sign on awards granted, should the employee or Northam decide to terminate employment on a fault termination, within a period of 24 months, the sign-on award will be repayable in full by the employee.

Retention payments

No retention payments are made to any executive director or executive management.

Service contract and notice periods of executive directors

- No fixed term employment contracts are in place for executive directors
- Notice period applying to executive directors is 12 months for the CEO and 6 months for the CFO
- All other employees are on a one month notice period

External appointments and directorships

- Executive directors are not permitted to hold external directorships or offices without the approval of the chairman of the board
- The CEO and CFO currently hold no other listed company directorships outside the group

Malus and clawback provisions

Northam has a malus and clawback policy in place. In the event of certain trigger events or conditions, the board, on advice from the committee, can cancel or adjust any unvested LTI award. Under these circumstances, the committee, at their discretion, may also apply a clawback, taking necessary steps to recover a variable pay award that has vested to a participant. This policy may be implemented when one or more of the following trigger events or conditions exist:

- Materially misleading or misstated financial results
- Failure to adhere to risk management policies
- Actions or conduct which amount to misbehaviour, dishonesty, fraud or gross misconduct
- Actions or conduct leading to reputational damage

The committee, at their discretion, may also apply a clawback, taking necessary steps to recover a variable pay award that has vested to a participant.

Minimum shareholding

Northam does not have a minimum shareholding requirement for executive directors, however a significant portion of the total remuneration package for the CEO and CFO is related to the share incentive schemes.

Based on a closing share price of R125.48 on 30 June 2023, these long-term incentives held represent multiples of total guaranteed pay well in excess of recommended minimum shareholding requirements.

The LIM shares have vested in full but will only be paid out subsequent to the original maturity date of the Zambezi BEE Transaction being May 2025.

No shareholder vote is required with regards to these shares, as they have vested in full.

As at the 30 June 2023 share price, the value of the LIM shareholding as a percentage of guaranteed pay, amounted to approximately 1 675% for the CEO and 780% for the CFO%.

Change of control provisions

The committee confirms that executives will be entitled to a lump sum of twice their annual guaranteed package, should there be a change of control of the company, which results in executives' employment being terminated through retrenchment or constructive dismissal.

Should executives employment be terminated on a fault termination no amounts will be payable.

Non-executive remuneration

Non-executive directors are appointed in terms of the company's MOI and are confirmed by ordinary resolution of shareholders at the first AGM following their appointment.

Non-executive directors are paid on a quarterly basis, based on fees as approved by the shareholders at the AGM. Fees paid relate to the directors' roles and committee memberships. A fee applies for any additional meetings over and above the set number of meetings. Fees are reviewed by the remuneration committee annually.

Consideration is given to industry remuneration levels of non-executive directors, as well as the need to retain the experience and expertise that the current non-executive directors contribute to the Northam Holdings board.

As noted earlier in this report, Deloitte performed an independent benchmarking exercise on non-executive directors' remuneration during the year under review. The independent benchmarking exercise performed during the previous and current financial year indicated that the group's non-executive directors' remuneration is significantly positioned below the 25th percentile in comparison to market peers.

Both the chairman and the lead independent director's annual fees are below the 25th percentile with the comparison ratio of 19% to the median for the chairman and 35% to the median for the lead independent director. The finding of Northam's fees being below the 25th percentile of the market was also reflected in the comparison of average fees paid per individual non-executive director.

In terms of best practice, as well as to ensure that Northam can attract and retain non-executive directors with appropriate experience and expertise, it has been suggested to increase the non-executive director's fees on a staggered basis. This is to align fees to Northam's position within the market, subject to affordability, and to ensure that an experienced Northam Holdings board is maintained. Best practice is to increase non-executive director's fees on a staggered basis to align with the market. Accordingly, as previously discussed and agreed with shareholders, non-executive directors' fees increase by 10.0% per annum, until such time as the company's non-executive directors' fees have been aligned with market norms. However a sustainable solution will have to be discussed with shareholders in the future to ensure retention of skills.

Non-executive directors do not participate in any other company benefits, whether short, medium or long-term and they are not employees of the company.

Shareholders are referred to the notice of the AGM for details of the proposed non-executive directors' fees for the coming year, which will be submitted for approval by shareholders at the 2023 AGM, to be held on 30 October 2023.

Non-executive director's fees paid during F2023 are disclosed in part 3 of this report.

Toro Employee Empowerment Trust and employee profit share schemes

The Toro Employee Empowerment Trust is an employee profit scheme at the Zondereinde mine for eligible employees (Paterson C band employees and below). 4% of after-tax profits of the Zondereinde mine is contributed to the Toro Employee Empowerment Trust. Eligible employees receive payment at the end of each five-year cycle, the first and second of which were made in 2013 and 2018 respectively.

Contributions to the Toro Employee Empowerment Trust will be made for the life of mine and a minimum cycle pay out of R15 000 per eligible employee has been guaranteed by the company, with the next payment due towards the end of 2023.

A constructive commitment has been made by management to match the payments made by the Toro Employee Empowerment Trust to the employees at Zondereinde, for Booysendal and Eland employees. This ensures that all employees across the group are treated fairly and equally.

For the current year, R241.8 million was contributed by Northam to the Toro Employee Empowerment Trust.

The Northam Employee Trust and Extended Empowerment Transaction

Through the Composite Transaction, Northam Holdings' shares were transferred to the Northam Employee Trust which unlocked and transferred unencumbered value, created within Zambezi Platinum (RF) Limited (Zambezi) to Zambezi Ordinary Shareholders. To ensure continued compliance with the Mining Charter, we will secure HDP ownership in the Northam group for a further 15 years, focusing our empowerment initiatives on the extension of our employee and community participation.

This ensures that we continue to transfer value created within Northam to our employees and host communities.

The Extended Empowerment Transaction will focus on employees and host and affected communities, who, through their respective vehicles, will collectively hold up to 23% in the Northam group.

In addition, there will be a guaranteed annual payment to ensure sustainable value is transferred. Northam will advance up to R150.0 million in aggregate to employees and communities on an annual basis by way of an appropriate funding structure.

Part 3: Implementation report

The section of the report provides details on how the remuneration committee implemented the remuneration policy. Detailed disclosure is provided on our executive directors' remuneration.

Single figure remuneration plus reasons for variances relating to executives' remuneration for F2023 compared to F2022

The executive director's remuneration for the year ended 30 June 2023 on a single figure basis (income statement impact) as recommended by King IV™ is as follows:

F2023	Guaranteed pay (R000)	Benefits & allowances (Pension contribution) (R000)	STI (R000)	LTI reflected (R000)	Total (R000)
CEO	11 231	1 404	8 412	6 476	27 523
CFO	5 490	686	4 112	2 920	13 208
F2022					
CEO	10 545	1 318	6 654	28 046	46 573
CFO	5 155	644	3 258	12 017	21 074

The movements in the various remuneration elements of the CEO and CFO are discussed below.

Guaranteed pay

Both the CEO and CFO received a 6.5% inflationary increase on their guaranteed pay, while senior, middle and junior management employees received a 7.0% increase.

All other employees received an annual increase of between 7.0% and 11.2% on their guaranteed pay, depending on the Paterson level, with higher increases received at the lower levels.

Guaranteed pay	F2023 (R000)	F2022 (R000)	Variance (%)
CEO	11 231	10 545	6.5
CFO	5 490	5 155	6.5

Benefits and allowances (Pension contribution)

The benefits and allowances relate to the company's pension contribution, amounting to 12.5% of the guaranteed pay. The reason for the increase in benefits and allowances relates to the 6.5% inflationary increase received on the guaranteed pay during the year under review.

Benefits and allowances will increase in line with the increase in guaranteed pay.

Employees contribute 7.5% from their guaranteed pay to their nominated pension fund

Benefits and allowances	F2023 (R000)	F2022 (R000)	Variance (%)
CEO	1 404	1 318	6.5
CFO	686	644	6.5

Benefits and allowances as a percentage of guaranteed pay	F2023 (%)	F2022 (%)	Variance (%)
CEO	12.5	12.5	Unchanged
CFO	12.5	12.5	Unchanged

STI

The STI refers to the annual bonus received based on actual performance versus budgeted performance, taking into consideration the previous year's performance.

The STI allocated to executives for the current year amounted to 74.9% versus the previous year of 63%. On a high level the following statistics set out the reasons why.

	F2023 (%)	F2022 (%)
Total tonnes mined	improvement of 24.1%	improvement of 12.6%
Total tonnes milled	improvement of 23.0%	improvement of 6.3%
Total equivalent refined metal from own operations	improvement of 13.0%	improvement of 3.7%
Cash cost per equivalent refined 4E oz	inflationary increase of 12.6 %	inflationary increase of 17.3%

The current year performance was an improvement on the previous year, hence an overall increase in the percentage achievement. Also see the detailed explanations from pages 80 to 84.

Movement in LTI

The movement in the LTI reflected relates to the number of shares awarded, the performance percentage achieved as well as the group's share price performance over the period. If the share price decreases the LTI reflected and awarded to the CEO and CFO decreases. Below is a summary of the inputs:

CEO	Number of performance shares awarded	30-day VWAP at date of award	Average achievement measured over a three year period	Performance shares vested	30-day VWAP on vesting date	Rand value of performance shares vested (LTI reflected)
F2023	53 700	R93.84	75.00%	40 275	R160.79	R6 476
F2022	138 400	R39.66	102.13%	141 341	R198.43	R28 046
						(R21 570)

CFO	Number of performance shares awarded	30-day VWAP at date of award	Average achievement measured over a three year period	Performance shares vested	30-day VWAP on vesting date	Rand value of performance shares vested (LTI reflected)
F2023	24 215	R93.84	75.00%	18 161	R160.79	R2 970
F2022	59 400	R39.66	102.13%	60 588	R198.43	R12 017
						(R9 047)

The reason for the decrease in the LTI reflected is a result of the average achievement over the three year measurement period being less. When COVID-19 impacted the performance of the group, the original KPI's were not adjusted to take into account the impact of COVID-19. In addition, the lower share price of Northam Holdings further impacts the LTI reflected for the current year.

This clearly demonstrates that the executives' pay is predominately based on performance.

Ultimately if the company does not achieve its set performance targets and the share price does not increase in value, the executives, variable pay is negatively impacted.

STI

In terms of the committee charter, the committee is required to review and approve the parameters of any STI to qualifying employees.

The STI is based on operational performance targets within the control of management, paid bi-annually for employees graded Paterson D upper band and above. All other employees receive quarterly bonuses based on production and safety targets set.

The mechanics of the annual bonus are well established in the group, however changes to the key performance areas and weightings are made on an annual basis to ensure optimum performance of the business.

The achievement performance percentages are calculated for each mine on the basis of the KPI's or targets and their weightings. The achievement is multiplied by the score and the employees guaranteed pay excluding pension benefits is used to determine the STI per individual employee.

The rationale adopted to determine the STI input factors and their weightings, is that they must promote business success based on safe mining at the lower end of the unit cost curve.

Safety is an imperative. Recent safety incidents at Zondereinde require higher weighting to be maintained at this operation.

Unit cash costs are a product of tons hoisted and grade divided by cost. Both Zondereinde and Booysendal incurred elevated unit cash cost values during the past year. In addition, mill head grades for both operations fell short of budget. Management's ability to influence total cost is considered to be limited based on mines' inherent fixed: variable cost splits. On this basis, higher weightings were applied to tonnes hoisted and equivalent refined metal from own operations or total metals in concentrate produced from own operations (which have a mill head grade input), and lower weighting is applied to unit cost.

Additional ESG KPIs, over and above safety, will be included in management scorecards. These will be focused on women in mining, transformation targets, water recycling and the implementation of the renewable energy strategy against determined milestones to minimise the impact of climate change.

Penalties for fatalities are applied to the LTI performance criteria.

We employ a large workforce and safety remains a focus area. It therefore makes up a large element of our performance measurement.

Fatalities will impact the LTI performance, but we believe that employees must be incentivised to remain vigilant, even in the event of a fatality, during the course of a year. We therefore use the Lost Time Injury Incidence Rate (LTIIR) to measure the safety performance of our operations and incentivise our people accordingly. A fatality will have a material impact on this KPI as operations are halted post a fatality, until such a time all investigations are finalised and the mine is declared safe for operation.

Operational performance has a direct impact on the group's financial performance and ability to return value to stakeholders. A motivated and incentivised workforce, committed to ensuring safe working practices, is a key factor in driving operational performance.

Individual performance

The individual performance of the executive directors is evaluated by the board and impacts the annual increase awarded to executives' as well as the STI awarded on an annual basis.

The individual performance component of the STI is comprised of the following categories: culture and ethics, returning value to shareholders, skills development and delivering on the group's strategy.

The individual performance recorded for executive directors cannot be more than the average received by management, as mining requires a team effort, and the ultimate responsibility for the strategy and the execution thereof lie with the executive directors.

The individual performance can however be adjusted downward based on the committee's qualitative assessment of the executive directors' performance.

The tables below set out the individual weightings per KPI per operation:

Zondereinde

	Unit	F2023 weightings	Achieved	Threshold	Target	Maximum	STI achieved	Percentage allocation
ESG								
Safety	LTIIR	30%	1.09	1.21	1.10	1.00	100%	30.0%
Production								
Total tonnes hoisted	tonnes	20%	2 198 000	1 988 419	2 209 354	2 430 289	90%	18.0%
Total tonnes milled	tonnes	5%	2 220 059	1 959 692	2 177 436	2 395 180	105%	5.25%
Total equivalent refined metal from own operations	4E oz	25%	321 901	289 845	322 050	354 255	90%	22.5%
Financial								
Cash cost per equivalent refined 4E oz	R/oz	15%	23 620	26 100	23 490	21 355	60%	9.0%
Individual performance	Rating	5%						
		100%						**84.75%**

A solid production performance, whilst having to manage ongoing Eskom power disruptions, together with a reduction in the number of accidents incurred was marred by the deaths at work of three of our employees.

Mr Mosetlha David Matlhoahela, a winch operator, lost his life in September under suspicious circumstances. The incident remains under investigation by SAPS. Mr Patrick Mokhachane, a team leader, lost his life in October in an ore cleaning incident, and Mr Mogapi Silas Ntshabele, a general worker, lost his life in December in a material reclaiming incident. Our sincere condolences go out to the families, friends and work colleagues of the deceased. Comprehensive safety reviews were undertaken following the tragic incidents and remedial actions were implemented. All production was stopped during these times.

The mine recorded a total injury incidence rate (TIIR) of 1.09 injuries per 200 000 hours worked. We remain very aware and concerned about the severity of injuries resulting from incidents. Improving safety performance, as well as the health and wellness of our workforce remain critical focus areas for the business.

Both Merensky and UG2 milled tonnes increased relative to the previous comparable period, by 4.9% and 9.1% respectively. This is despite safety related stoppages and the disruption of Eskom load curtailment events. It is testament to the benefit of focused Merensky stoping in the Western extension and logistical decongestion resulting from the ongoing shift of UG2 stoping to the eastern portions of the mine.

Two components of the Western extension section key to project success and long-term sustainability are the under-stoping of the planned Number 3 shaft infrastructure, as well as temporarily increased on-reef development. These will ensure the long-term integrity of the shafts, as well the accelerated growth of mineable reserves. This has negatively impacted Merensky concentrator feed grade over the past two years, and its effect will continue, but progressively reduce over the coming year.

Ongoing higher UG2 on-reef development, as new stoping areas are developed on the east side of the mine, led to a marginal reduction in UG2 concentrator feed grade to 4.10 g/t 4E. Progressively increasing stoping levels in the east will mean that feed grade will revert to historic levels over the coming two years.

The combination of higher feed tonnages at marginally improved grades, together with marginal improvements in concentrator recoveries resulted in equivalent refined metal from own operations marginally decreasing to 321 901 oz 4E (F2022: 321 962 oz 4E). Corresponding equivalent refined metal from third party purchases increased to 40 539 oz 4E (F2022: 1 142 oz 4E).

Chrome concentrate production increased to 404 875 tonnes (F2022: 381 419 tonnes) on the back of higher UG2 throughput.

The total operating costs at Zondereinde for the year increased by 16.9% to R8.9 billion. This was the result of higher mining, concentrating and down-stream processing throughput, as well as significantly higher royalty charges due to revenue growth and improved profits. There was a consequent 14.4% increase in unit cash cost per equivalent refined platinum ounce, to R39 848/Pt oz (F2022: R34 828/Pt oz).

Progress continues to be made on the deepening project. The conveyor decline is currently between 17 and 18 levels and lateral development continues to progress on 17 level, with ore passes completed. Stoping continues down to 16 level, which is being serviced by both the material and chairlift declines. These are equipped and commissioned.

Development within the Western extension section has progressed well on 3 to 12 levels. Strike development on some levels is beyond the fourth mining line, raises are being developed on the third mining line, whilst stoping and ledging is in progress on the first two mining lines. Development of the chairlift decline continues and holings between 3 and 5 levels have been completed. An additional c. 50 000 oz 4E per annum will ultimately accrue to Zondereinde mine's production profile from the Western extension expansion project. Equipping of Number 3 shaft, designed for the conveyance of personnel, materials and services is progressing on schedule. Pilot drilling of 3a ventilation shaft was completed in February 2023 and reaming to a final diameter of 4.8 metres has commenced. Both shafts, together with supporting surface infrastructure will be operational in 2024. Pilot drilling for a third shaft, 3b, designed for rock hoisting, has commenced. This is expected to be commissioned in 2028 and will allow optimal ore extraction from the Western extension.

At the metallurgical complex, both main furnaces, together with their upgraded ancillary infrastructure are operating within design specifications, as is the dedicated recycling furnace circuit. This, together with improvements to ventilation flows and off-gas handling has enhanced air quality, especially relating to emissions of particulate matter. Work continues on upgrades to the base metal removal plant in order to align capacity to that of the smelter circuit. This work will run in a sequential manner over the coming four years. Expansion and upgrade of the furnace slag concentrator has commenced. This is sized for our medium-term steady-state production profile and will be commissioned towards the end of the first half of the coming financial year.

The development of an 80 MW solar power farm to provide behind-the-meter electricity to the Zondereinde mine and metallurgical complex is in progress. Development is in collaboration with an IPP, who will fund the construction and then manage the installation. The mine will enter into a PPA with the IPP.

The mine has currently installed on-demand power generation capacity, from diesel generators, of 9.4 MW. Additional generator capacity of 25.2 MW has been purchased. Installation is in progress and commissioning is expected before the end of the first quarter of the coming financial year, at which time Zondereinde will be able to operate unimpeded under level 4 Eskom load curtailment conditions. Additional generators are being sourced.

Capital expenditure increased to R2.5 billion (F2022: R2.0 billion). Expansionary project expenditure accounted for R1.7 billion, while sustaining expenditure was R661.2 million. Expansionary expenditure related to the ongoing development of the deepening and Western extension sections, including equipping of the Number 3 shaft complex. Sustaining expenditure was in the main due to routine engineering replacements on the mine, as well as ongoing upgrades to the base metal removal plant at the metallurgical complex and the installation of additional generator capacity. Total capital expenditure for F2024 is estimated at R2.8 billion.

Booysendal

	Unit	F2023 weightings	Achieved	Threshold	Target	Maximum	STI achieved	Percentage allocation
ESG								
Safety	LTIIR	20%	0.52	0.51	0.46	0.41	0%	0%
Production								
Total decline development metres	m	5%	6 602	4 299	4 777	5 255	125%	6.25%
Total tonnes hoisted	tonnes	15%	6 549 592	5 474 687	6 082 985	6 691 284	120%	18.0%
Total tonnes milled	tonnes	10%	6 358 905	5 422 568	6 025 075	6 627 583	118%	11.8%
Total metals in concentrate produced from own operations	4E oz	35%	452 903	382 142	424 602	467 063	120%	42.0%
Financial								
Cash cost per 4E oz in concentrate produced	R/oz	10%	16 787	16 696	15 026	13 660	0%	0%
Individual performance	Rating	5%						
		100%						**78.05%**

An easing of regional community unrest, a continuing focus on safety, solid production performance from North mine and the ongoing ramp-up of South mine are key features of the year.

The good safety performance at Booysendal mine continues, with the mine surpassing 8 million fatality free shifts during November 2022 and more importantly, remaining fatality free since mine inception, over 12 years ago. In addition, Booysendal South mine exceeded 2 million fatality free shifts during February 2023. Booysendal's TIIR was 1.77 per 200 00 hours worked (F2022: 2.20).

Production of metal in concentrate from own operations increased by 21.5% to 452 903 oz 4E (F2022: 372 623 oz 4E). Growth from the continuing ramp-up of South mine was supplemented by above-target metal production from North mine.

PGM metal in concentrate purchased from third parties also increased by 21.5% to 26 341 oz 4E (F2022: 21 685 oz 4E), owing to higher third party production which is expected to continue in the medium-term.

Production of chrome concentrate from own operations increased to 612 867 tonnes (F2022: 556 239 tonnes), owing to a higher combined UG2 tonnage milled being partially offset by lower chrome feed grade from South mine.

North UG2 (BNU) module achieved an average of 220 000 mined tonnes per month, at a 4E concentrator feed grade of 2.54 g/t (F2022: 2.62 g/t), which below historical means. This is the result of the continued influence of split reef in the southern section of the mine. Mineable reserve flexibility has significantly improved following increased decline development. Equipping of new sections, exposing normal UG2 reef is underway to enable crews to move, thus diluting the influence of split reef and allowing for grade improvement in the coming year. North Merensky (BNM) module yielded on average over 50 000 mined tonnes per month at an improved 4E concentrator feed grade of 2.05 g/t (F2022: 2.02 g/t).

South UG2 mine (BS1 and BS2) achieved its planned mining steady-state of 220 000 tonnes per month, at a 4E concentrator feed grade of 2.75 g/t (F2022: 2.79 g/t). BSU4 module is producing at an average of over 25 000 tonnes per month, with 4E concentrator feed grade of 1.84 g/t, whilst still ramping-up and negotiating rolling reef and structural complexity, particularly in the northern section. Focus at the South Merensky (BSM) module remains on increasing mineable reserve through decline development, however stoping and development are consistently yielding over 20 000 tonnes per month at a 4E concentrator feed grade of 1.48 g/t. The BSU4 and BSM modules will continue ramp-up until F2025, with concentrator feed grades improving as stoping tonnage grows.

Total tonnes milled at Booysendal mine increased by 20.1% to 6 358 905 tonnes (F2022: 5 294 274 tonnes), while the combined 4E concentrator feed grade marginally fell to 2.48 g/t (F2022: 2.56 g/t). This is, in the main, the result of the ramp-up of Merensky tonnages from both North and South mines, together with that of the BS4 UG2 module. Both the North and South concentrators are operating well and maintaining recoveries in line with expectations.

Combined ore stockpiles as at 30 June 2023 grew to 326 477 tonnes (F2022: 188 264 tonnes), as a result of the South mine ramp-up. Stockpiles are scheduled to grow until completion of the expansion of the South tailings storage facility in 2025.

The total operating costs at Booysendal mine were R8.8 billion (F2022: R6.4 billion), a 37.9% increase. This was the result of increased mining tonnages and consequent concentrator throughput, together with unusually high mining inflation. The marginally lower concentrator feed grades, allied to the higher operating costs, led to the cash cost per metal in concentrate produced increasing by 13.1% to R28 647/Pt oz (F2022: R25 321/Pt oz). The potential for production stoppages resulting from Eskom load curtailment events remains a concern, electrical load management, together with on-demand self-generation of electricity, has mitigated potential related production losses.

North mine capital expenditure increased to R406.1 million (F2022: R365.6 million). This was almost entirely sustaining and reflected fleet replacements and strike belt extensions.

South mine capital expenditure increased to R1.1 million (F2022: R1.0 billion). Expansionary capital totalled R450.2 million and was largely the result of equipping of mining sections relating to production ramp-up. The steady-state complement of stoping crews at the Central UG2 complex are now in place and underground infrastructure is largely complete. Decline development is on track at the South Merensky module. Stoping is in progress at the BS4 UG2 module and will continue to ramp-up over the remainder of this financial year.

North mine capital expenditure for F2024 is estimated at R699.7 million. This is in line with our expected ongoing capital requirements and is influenced by scheduled mechanical fleet replacements and strike belt extensions. The corresponding capital expenditure for South mine is estimated at R627.8 million, reflecting the lower capex associated with the completed surface infrastructure and higher capex associated with production ramp up at the Central UG2 complex, together with the ongoing establishment of both the South Merensky and BS4 UG2 mining modules.

A 1.25 MW roof-top solar installation commissioned during the previous financial year is operating at its expected yield. Limited permitting requirements allowed the rapid conclusion of this project. Larger solar installations are being contemplated and studies are in progress. Onerous environmental restrictions in the Booysendal area may however preclude such installations.

The mine has currently installed on-demand power generation capacity, from diesel generators, of 8.9 MW. Additional generator capacity of 3.8 MW has been purchased. Installation is in progress and commissioning is expected before the end of 2023 calendar year, at which time Booysendal, North and South mines, will be able to operate unimpeded under level 4 Eskom load curtailment conditions.

Eland

	Unit	F2023 weightings	Achieved	Threshold	Target	Maximum	STI achieved	Percentage allocation
ESG								
Safety	LTIIR	20%	0.80	0.84	0.76	0.68	50%	10%
Production								
Total development metres	m	30%	11 536	10 533	11 703	12 873	80%	24%
Total tonnes hoisted	tonnes	10%	808 025	842 923	936 581	1 030 239	0%	0%
Total metals in concentrate produced from own operations	tonnes	15%	48 800	56 031	62 257	68 483	0%	0%
Financial								
Cash cost per 4E oz in concentrate produced	4E oz	20%	36 339	30 261	27 235	24 759	0%	0%
Individual performance	Rating	5%						
		100%						**34.00%**

A scheduled ramp-up in activity as growth in mineable reserve accelerates, together with a progressive improvement in safety performance are key features of the year.

Eland mine’s TIIR was 1.56 per 200 000 hours worked (F2022: 1.95). Management continues to focus on embedding the correct safety culture, supervision and systems during this critical phase of the mine’s development. Surpassing a maiden 1 million fatality free shifts during November 2022, and more importantly, remaining fatality free since mine inception, bears testament to the efforts of all of the mine’s employees.

Treatment of ore from surface sources to recover PGM and chrome concentrates continues. This is being supplemented by batched treatment of run of mine ore from underground and open pit operations. Milling throughput increased to 2 075 597 tonnes of combined ore (F2022: 1 292 809 tonnes), whilst the average 4E concentrator feed grade dropped to 1.45 g/t (F2022: 2.00 g/t) due to significant volumes of tailings being re-treated. Despite this, improved PGM concentrator recoveries allowed for own production of 48 800 oz 4E in concentrate (F2022: 33 086 oz 4E). Metal in concentrate purchased from third parties significantly increased to 52 360 oz 4E as new contracts were entered into (F2022: 33 775 oz 4E).

Higher throughput and improved chromite feed grades from tailings and run of mine ore led to higher production of chrome concentrate of 48 015 tonnes (F2022: 22 677 tonnes).

The total operating costs at Eland mine amounted to R2.2 billion (F2022: R1.5 billion), a 40.5% increase on the previous corresponding period. This was the result of an increase in underground mining volumes, together with higher concentrating costs on the back of increased throughput and primary milling of run of mine ore feeds. The unit cash cost per metal in concentrate produced was contained at R54 910/Pt oz, a 1.2% improvement (F2022: R55 594/Pt oz).

Development of the declines and strike drives is on schedule and reef raises are being developed in the upper western portion of Kukama and the lower eastern portion of Maroelabult. Limited stoping of UG2 is in progress. Strike development has connected underground workings of the Kukama section with Maroelabult. This has enhanced the provision of underground services, as well as the build-up of mineable reserve. In addition, lateral development has recently commenced at the Nyala section, with a view to limited mining in the medium-term.

Open pit mining of UG2 in the eastern portion of the Eland property ramped-up to the planned steady-state of 20 000 ore tonnes per month. However, achieved concentrator feed grades and concentrator recoveries were below budget and the decision has been taken to cease operations in the current financial climate. An amended pit design is underway which will inform future decisions on whether to recommence operations.

Capital expenditure was almost entirely expansionary and totalled R1.6 billion (F2022: R1.2 billion). This is in line with our mine build program. The bulk of the remainder of the total budgeted capital expenditure for Eland is planned to be spent over the coming 18 months. Capital expenditure for F2024 is scheduled at R1.1 billion.

A 1.25 MW solar farm was commissioned at Eland during the prior financial year and is operating at its expected yield. The development of a 20 MW solar power farm, adopting a similar approach to that at Zondereinde, is in progress. The design and permitting phases for this installation are well advanced, as are funding arrangements and finalisation of the PPA. Construction is expected to commence in the third quarter of the coming financial year, and commissioning midway through F2025.

The mine has currently installed on-demand power generation capacity, from diesel generators, of 3.6 MW. Additional generator capacity of 4.8 MW has been purchased. Installation is in progress and commissioning is expected before the end of the first quarter of the coming financial year, at which time Eland will be able to operate unimpeded under level 5 Eskom load curtailment conditions. Additional generators are currently being sourced.

The percentage allocation for the executives have been determined as follows:

The annual bonus for executives is calculated on the basis that resources and time is being spent on all operations. The performance percentage is a combination of the operational mines achievement/performance percentages and will be weighted in the following manner, Booysendal and Zondereinde at 40% respectively and Eland at 20%.

	F2023 weighting	**Achievement**	**Percentage allocation**
Zondereinde	40%	84.75%	33.9%
Booysendal	40%	78.05%	31.2%
Eland	20%	34.00%	6.8%
			71.9%
Individual performance		3.0% out of 5.0%	3.0%
			74.9%

November 2019 LTI approved award of shares

In November 2019, share awards were approved and awarded by the social, ethics, human resources and transformation committee (who was the committee responsible for the approval of share awards at that point in time) in terms of Northam's Share Incentive Plan (SIP).

Retention (with no performance criteria or targets) and performance shares (with performance criteria) were awarded to all staff at a Paterson D level and above. Both retention and performance shares carry a three-year vesting period and consequently the 2019 performance shares are measured against targets set in November 2019, and in November 2022.

The allocation of retention and performance shares were made as follows:

Position	Performance shares awarded per employee	Retention shares awarded per employee	Total number of shares awarded per employee
CEO	53 700	17 900	71 600
CFO	24 215	8 065	32 280

At a minimum, the retention shares vest (as they have no performance conditions attached) and the maximum largely depends on operational performance of the group, with set targets measured against the actual performance of the group.

The retention shares were included in the LTI reflected in the 30 June 2020 financial year's remuneration report and are therefore not included in the current years' LTI to avoid double accounting.

Refer page 19 of the 30 June 2020 remuneration report available on our website.

The performance outcomes determine the number of performance shares which ultimately vest. The value of the awards on vesting date is determined using the 30-day trading Volume Weighted Average Price (VWAP) on vesting date.

The achievement of target performance conditions over the three-year vesting period results in a sliding scale vesting allocation percentage, which is then applied to the number of shares allocated on vesting date.

Below is a summary of the target performance achieved versus the percentage vesting allocation:

Achievement	% vesting allocation
Achieve less than 90% of target	Nil
Achieve between 90% and 100% of target	100%
Achieve between 100% and 105% of target	125%
Achieve in excess of 105% of target	135%

Subsequent to 2019, these targets were updated based on shareholder concerns. The achievement percentages have been updated from 90% to 95% in subsequent years based on shareholder feedback. Historic awards, together with their terms and conditions, will however still be honoured.

Due to the stretched nature of the KPI targets set by the group, achievement at threshold represents exceeding our budget.

In addition, a penalty is recognised for a fatality, which impacts the safety component of participants' performance shares allocated.

Number of fatalities	% impact on safety shares
1 (one)	25% less safety shares
2 (two)	50% less safety shares
3 (three) or more	No safety shares

Meeting or exceeding the performance criteria requires considerable effort, and has a direct impact on the profitability of the group. Performance criteria set in November 2019 for the awards granted.

The performance criteria that were set for the November 2019 awards were as follows:

Zondereinde mine

Factor	Criteria	Weighting
Safety - LTIIR	An improvement of 10% on the previous financial year's safety record	30%
Equivalent refined metal from own operations (4E oz)	Achieving the budgeted equivalent refined production over the 3-year vesting period ending F2022	30%
Unit cash costs per 4E in concentrate produced (R/oz)	Achieving the budgeted cash cost over the 3-year vesting period ending F2022	20%
Absolute total shareholder returns (group)	Exceeding the weighted average cost of capital determined as 17.2%	10%
Relative total shareholder returns (group)	Exceeding the Platinum Index return of the JSE on an absolute basis	10%
		100%

Booysendal mine

Factor	Criteria	Weighting
Safety - LTIIR	An improvement of 10% on the previous financial year's safety record	25%
Metals in concentrate produced (4E oz)	Achieving the budgeted concentrate production over the 3-year vesting period ending F2022	35%
Unit cash costs per 4E in concentrate produced (R/oz)	Achieving the budgeted cash cost over the 3-year vesting period ending F2022	20%
Absolute total shareholder returns (group)	Exceeding the weighted average cost of capital determined as 17.2%	10%
Relative total shareholder returns (group)	Exceeding the Platinum Index return of the JSE on an absolute basis	10%
		100%

Eland mine

Factor	Criteria	Weighting
Safety - LTIIR	An improvement of 10% on the previous financial year's safety record	25%
Development	Target development metres achieved over the 3-year vesting period ending F2022	30%
Absolute cash cost including capital cost	Achieving the budgeted cash and capital cost over the 3-year vesting period ending F2022	25%
Absolute total shareholder returns (group)	Exceed the weighted average cost of capital determined as 17.2%	10%
Relative total shareholder returns (group)	Exceeding the Platinum Index return of the JSE on an absolute basis	10%
		100%

- Group services and corporate office is measured based on a 40% allocation relating to Zondereinde and Booysendal respectively and a 20% allocation for Eland
- The shareholder return was measured from 1 November 2019 to 31 October 2022
- The absolute total shareholder returns were calculated using the 30-day trading VWAP as at 31 October 2019 and was measured up and until 31 October 2022. The relative total shareholder returns with regards to the Platinum Index return was measured over the same periodCalculation of the November 2019 performance criteria achieved as at 30 June 2022, based on November 2019 targets set

The calculations are based on the performance criteria targets set in November 2019 when the share awards were made.

The following tables set out the performance achievement percentages per operation:

Zondereinde operational performance

Factor	F2020 Achieved	F2020 Budget	F2021 Achieved	F2021 Budget	F2022 Achieved	F2022 Budget	Total Achieved	Total Budget /target	Achievement
Safety LTIIR	–	–	0.79	–	0.84	–	0.84	0.71	84.5%
Estimated recoverable metals 4E	248 529	319 504	312 302	290 031	321 962	341 294	882 793	950 829	92.8%
Unit cash costs per 4E oz	19 498	15 636	18 551	19 070	20 766	19 229	19 627	17 955	91.5%

Booysendal operational performance

Factor	F2020 Achieved	F2020 Budget	F2021 Achieved	F2021 Budget	F2022 Achieved	F2022 Budget	Total Achieved	Total Budget /target	Achievement
Safety LTIIR	–	–	0.28	–	0.52	–	0.52	0.25	48.1%
Estimated recoverable metals 4E	239 282	276 992	356 620	312 770	372 623	400 839	968 525	990 601	97.8%
Unit cash costs per 4E oz	12 800	10 970	12 187	12 783	14 765	12 582	13 329	12 194	91.5%

Eland operational performance

Factor	F2020 Achieved	F2020 Budget	F2021 Achieved	F2021 Budget	F2022 Achieved	F2022 Budget	Total Achieved	Total Budget /target	Achievement
Safety LTIIR	–	–	0.48	–	0.95	–	0.95	0.43	45.3%
Estimated recoverable metals 4E	1 258	1 775	2 670	1 161	7 116	8 867	11 044	11 803	93.6%
Unit cash costs per 4E oz	1 393 841	601 702	2 041 793	1 395 939	3 922 827	2 888 274	7 358 461	4 885 915	66.4%

Below is a summary of the calculation of the absolute cash cost, including capital costs incurred by Eland over the three-year performance period:

	F2020	F2021	F2022	Total
	Achieved R000	Achieved R000	Achieved R000	Achieved R000
Mining operations	498 136	746 982	1 016 481	2 261 599
Concentrator operations	263 527	300 886	417 189	981 602
Chrome processing	19 265	19 575	19 033	57 873
Royalty charges	157	4 198	238	4 593
Concentrate purchased	39 476	459 789	1 300 369	1 799 634
Capital costs incurred	573 280	510 363	1 169 517	2 253 160
Total achieved cost	1 393 841	2 041 793	3 922 827	7 358 461
	Budget R000	Budget R000	Budget R000	Budget R000
Mining operations	258 963	898 819	556 759	1 714 541
Concentrator operations	108 362	285 993	441 113	835 468
Chrome processing	59 430	20 104	33 129	112 663
Royalty charges	—	—	12 820	12 820
Concentrate purchased	1 000	171 023	655 071	827 094
Capitalised working costs	(227 000)	(217 331)	—	(444 331)
Capital costs incurred	400 947	237 331	1 189 382	1 827 660
Total budgeted costs	601 702	1 395 939	2 888 274	4 885 915

Group performance

Factor	Criteria	31 October 2019	31 October 2022	Target	Achievement
Absolute total shareholder returns (group)	Weighted average cost of capital (17.2%) over a 3-year period using the 30-day trading VWAP	R93.84	R160.79	R151.07	106.4%
Relative total shareholder returns (group)	Exceeding the Platinum Index return of the JSE on an absolute basis	NHM share price growth of 69.0% over the 3-year rolling period 100%	Platinum Index increased by 14.4% over the same 3-year rolling period	Increase of 14.4% over the vesting period	NHM share price growth was 379.2% more than the Platinum Index

Relative total shareholder returns (group)

Exceeding the Platinum Index return of the JSE on an absolute basis	31 October 2019	31 October 2022	Variance
NHM share price	R102.00	R172.38	69.0%
JSE Platinum Index*	41 954.86	47 999.24	14.4%

* The JSE Platinum Index is no longer available. In order for the specific target relating to the relative total shareholder returns of the group to be measured, a comparable index needed to be calculated and used. This was constructed based on the same principles as the JSE Platinum Index.

Zondereinde mine

Factor	Criteria	Weighting	Achievement	Vesting allocation	Allocation
Safety - LTIIR	An improvement of 10% on the previous financial year's safety record	30%	84.5%	0%	0%
Fatality penalty					
Equivalent refined metal from own operations (4E oz)	Achieving the budgeted equivalent refined production over the 3-year vesting period ending F2022	30%	92.8%	100%	30%
Unit cash cost per equivalent refined 4E oz (R/oz)	Achieving the budgeted cash cost over the 3-year vesting period ending F2022	20%	91.5%	100%	20%
Absolute total shareholder returns (group)	Exceeding the weighted average cost of capital determined as 17.2%	10%	106.4%	135%	13.5%
Relative total shareholder returns (group)	Exceeding the Platinum Index return of the JSE on an absolute basis	10%	379.2%	135%	13.5%
Total		100%	—	—	77.0%

Booysendal mine

Factor	Criteria	Weighting	Achievement	Vesting allocation	Allocation
Safety - LTIIR	An improvement of 10% on the previous financial year's safety record	25%	48.1%	0%	0%
Metals in concentrate produced (4E oz)	Achieving the budgeted concentrate production over the 3-year vesting period ending F2022	35%	97.8%	100%	35%
Unit cash costs per 4E in concentrate produced (R/oz)	Achieving the budgeted cash cost over the 3-year vesting period ending F2022	20%	91.5%	100%	20%
Absolute total shareholder returns (group)	Exceeding the weighted average cost of capital determined as 17.2%	10%	106.4%	135%	13.5%
Relative total shareholder returns (group)	Exceeding the Platinum Index return of the JSE on an absolute basis	10%	379.2%	135%	13.5%
Total		100%	—	—	82.0%

Eland mine

Factor	Criteria	Weighting	Achievement	Vesting allocation	Allocation
Safety - LTIIR	An improvement of 10% on the previous financial year's safety record	25%	45.3%	0%	0%
Development	Target development metres achieved over the 3-year vesting period ending F2022	30%	93.6%	100%	30%
Absolute cash cost including capital cost	Achieving the budgeted cash and capital cost over the 3-year vesting period ending F2022	25%	66.4%	0%	0%
Absolute total shareholder returns (group)	Exceed the weighted average cost of capital determined as 17.2%	10%	106.4%	135%	13.5%
Relative total shareholder returns (group)	Exceeding the Platinum Index return of the JSE on an absolute basis	10%	379.2%	135%	13.5%
Total		100%	—	—	57.0%

Executives were measured based on a 40% allocation relating to Zondereinde and Booysendal respectively and a 20% allocation from Eland. In summary, the tables indicate that Zondereinde and Booysendal achieved an allocation of 77.0% and 82.0% respectively, with Eland achieving 57.0%.

Therefore, executive directors averaged 75.0% for the 2019 performance share awards, in terms of the LTI.

Below is a calculation of the rand value of the performance shares vested:

Position	Performance shares awarded per employee	Average achievement	Performance shares vested	30-day VWAP on vesting date	Rand value of performance shares vested (R000)
CEO	53 700	75%	40 275	R160.79	6 476
CFO	24 215	75%	18 161	R160.79	2 920

The retention shares were also paid out based on the 30-day VWAP.

The following amounts were therefore paid:

Position	Retention shares awarded per employee	30-day VWAP on vesting date	Rand value of retention shares vested (R000)
CEO	17 900	R160.79	2 878
CFO	8 065	R160.79	1 297

The retention shares were previously included in the LTI reflected during the 30 June 2020 financial year's remuneration report and are therefore not included in the current year's LTI reflected to avoid double accounting.

Refer page 19 of the 30 June 2020 remuneration report available on our website.

LTI awards for the current year

All awards granted are conditional on performance criteria set.

Performance conditions

The identification of performance conditions (criteria or targets) require careful consideration. Performance targets set should not be so onerous that they can never be met, therefore demotivating staff. Conversely, performance targets should contain an element of "stretch" that requires increased performance output. In addition, performance conditions should be aligned with the interests of shareholders.

The following performance criteria are proposed for the 31 October 2022 awards, together with their proposed weightings. These are similar to targets set for the previous share awards:

Zondereinde mine

Factor	Target	Weighting
Safety – Lost time injury incidence rate (LTIIR)	An improvement of 10% on the previous financial year's safety record	30%
Equivalent refined metal from own operations (4E oz)	Achieving the budgeted equivalent refined production over the 3-year vesting period ending F2025	30%
Unit cash cost per equivalent refined 4E oz (R/oz)	Achieving the budgeted average unit cash cost per equivalent refined 4E oz over the 3-year vesting period ending F2025	30%
Total shareholder returns	Exceeding the calculated relative return of platinum producing peers listed on the JSE on an absolute basis	10%
		100%

Booysendal mine

Factor	Target	Weighting
Safety – LTIIR	An improvement of 10% on the previous financial year's safety record	20%
Metals in concentrate produced (4E oz)	Achieving the budgeted concentrate production over the 3-year vesting period ending F2025	35%
Unit cash costs per 4E in concentrate produced (R/oz)	Achieving the budgeted average unit cash cost per 4E in concentrate over the 3-year vesting period ending F2025	35%
Total shareholder returns	Exceeding the calculated relative return of platinum producing peers listed on the JSE on an absolute basis	10%
		100%

Eland mine

Factor	Target	Weighting
Safety – LTIIR	An improvement of 10% on the previous financial year's safety record	30%
Metals in concentrate produced (4E oz)	Achieving the budgeted concentrate production over the 3-year vesting period ending F2025	30%
Unit cash costs per 4E in concentrate produced (R/oz)	Achieving the budgeted average unit cash cost per 4E in concentrate over the 3-year vesting period ending F2025	30%
Total shareholder returns	Exceeding the calculated relative return of platinum producing peers listed on the JSE on an absolute basis	10%
		100%

Should these targets be achieved, the operation benefits will fund the additional share based payment liability.

Group services and corporate office's (including executive directors) performance will be measured based on a 40% relating to Zondereinde and Booysendal respectively and a 20% allocation for Eland.

The growth in the Northam Holdings share price from 31 October 2022 up until 31 October 2025 will be compared to the growth in the calculated relative return of platinum producing peers listed on the JSE Limited over the same period, on an absolute basis.

The measurement of performance criteria will be calculated at the end of the three-year vesting period and applied as a percentage of the target. This will result in a sliding scale vesting allocation percentage of which the percentage is then applied to the number of shares allocated on grant date, as set out in the table below:

Achievement of target (%)	% shares to be awarded
Achieve less than 90% of target	Nil
Achieve between 90% and 95% of target	80%
Achieve between 95% and 100% of target	100%
Achieve between 100% and 105% of target	115%
Achieve between 105% and 120% of target	135%
Achieve in excess of 120% of target	150%

Comprehensive table of LTI

In line with the requirements of King IVTM, an analysis of all long-term incentives held as at 30 June 2023 are set our below:

	Award year	Vesting date	Opening number of shares 1 July 2022	Number of shares granted during the year	Number of shares vested during the year	Number of shares forfeited during the year	Closing number of shares 30 June 2023
CEO							
LTI retention shares	F2020	November 2022	17 900	—	(17 900)	—	—
LTI retention shares	F2021	November 2023	9 900	—	—	—	9 900
LTI performance shares	F2020	November 2022	53 700	—	(40 275)[1]	(13 425)	—
LTI performance shares	F2021	November 2023	29 700	—	—	—	29 700
LTI performance shares	F2022	November 2024	43 630	—	—	—	43 630
LTI performance shares	F2023	November 2025	—	90 800[2]	—	—	90 800
Lock-in and incentive mechanism (LIM) shares	F2017	May 2025	1 500 000[3]	—	—	—	1 500 000
CFO							
LTI retention shares	F2020	November 2022	8 065	—	(8 065)	—	—
LTI retention shares	F2021	November 2023	4 580	—	—	—	9 900
LTI performance shares	F2020	November 2022	24 215	—	(18 161)[1]	(6 054)	—
LTI performance shares	F2021	November 2023	13 750	—	—	—	29 700
LTI performance shares	F2022	November 2024	20 440	—	—	—	43 630
LTI performance shares	F2023	November 2025	—	42 700[2]	—	—	42 700
LIM shares	F2017	May 2025	350 000[3]	—	—	—	350 000

[1] See page 88 and 89 for the calculation of the November 2019 performance criteria achieved as at 30 June 2022.In response to shareholder feedback, the retention element from executive remuneration was removed from F2022. The retention shares for F2020 and F2021 are the last batch of issued shares that will be allowed to run their course.
[2] See page 93 and 94 for the performance criteria set for the 2023 LTI performance

[3]These shares have vested in full but will only be paid out subsequent to the original maturity date of the Zambezi BEE Transaction being May 2025.

No shareholder vote is required with regards to these shares.

Non-executive remuneration

The non-executive directors fees are paid to the non-executive directors only, as executive directors are full time employees of Northam and remunerated as such. All non-executive directors' remuneration is payable quarterly in arrears. The annual fees are calculated on the assumption that (i) a planned number of board/committee meetings will be held in each financial year, and (ii) such fees shall be payable notwithstanding the fact that fewer board/committee meetings may be held.

Should a non-executive director cease to serve on a particular committee or as a non-executive director during the financial year, the annual fee payable to such director in respect of such office, will be pro-rated to the proportion of the financial year for which such director holds that office, calculated by rounding such period up to the nearest month, irrespective of the number of meetings held or attended by the director during such period. For the avoidance of doubt, any ad hoc or additional meeting fees payable to such directors pursuant to the approved fees will not be affected by the pro-rating of the annual fee.

Below are details of the non-executive directors fees paid during F2023:

	Board R000	Audit and risk committee R000	Health, safety and environmental committee R000	Investment committee R000	SEHR&T committee R000	Remuneration committee R000	Nomination committee R000	Total R000
HH Hickey	813	313	–	46	–	223	–	**1 395**
NY Jekwa	621	230	156	–	155	–	–	**1 162**
MH Jonas	586	246	–	–	–	56	–	**888**
TE Kgosi	578	–	–	–	194	–	23	**795**
TI Mvusi	835	–	–	153	–	167	126	**1 281**
JG Smithies	645	–	192	119	–	–	95	**1 051**
GT Lewis	578	–	145	–	–	–	–	**723**
Total	4 656	789	493	318	349	446	244	**7 295**

Shareholders will be engaged during the financial year to agree on a roadmap for increases in non-executive director fees that is fair and sustainable, taking into account the size of the company and its aim for non-executive director remuneration to be within the 25th to 50th percentile of the peer group.

Non-executive director remuneration should also take cognisance of the need for pay to be reflective of the role directors play, as well as enabling the retention of talent in a shrinking talent pool.

Details of the proposed fees and the associated board/committee meeting fees, as described above are set out below for the upcoming financial year F2024:

	Proposed F2024 fees (R)	Approved F2023 fees (R)	% increase
Board			
Board chairperson - fees per annum	650 375	591 250	10.0%
Lead independent director - fees per annum	554 301	503 910	10.0%
Board members - fees per annum	486 662	442 420	10.0%
The above fees are fixed annual fees calculated on the assumption of 5 (five) board meetings per financial year and shall be payable notwithstanding that fewer board meetings may be held. Should more than 5 (five)board meetings be held, the following amount will be paid for each additional meeting attended by a director.	74 415	67 650	10.0%
Audit and risk committee			
Committee chairperson - fees per annum	299 475	272 250	10.0%
Committee members - fees per annum	235 224	213 840	10.0%
The above fees are fixed annual fees calculated on the assumption of 5 (five) audit and risk committee meetings per financial year and shall be payable notwithstanding that fewer audit and risk committee meetings may be held. Should more than 5 (five) audit and risk committee meetings be held, the following amount will be paid for each additional meeting attended by a director.	29 100	26 455	10.0%
Health, safety and environmental committee			
Committee chairperson - fees per annum	213 565	191 950	11.3%
Committee members - fees per annum	159 357	144 870	10.0%
The above fees are fixed annual fees calculated on the assumption of 4 (four)) health, safety and environmental committee meetings per financial year and shall be payable notwithstanding that fewer health, safety and environmental committee meetings may be held. Should more than 4 (four) health, safety and environmental committee meetings be held, the following amount will be paid for each additional meeting attended by a director.	29 100	26 455	10.0%
Social, ethics, human resources and transformation committee			
Committee chairperson - fees per annum	213 565	194 150	10.0%
Committee members - fees per annum	159 357	144 870	10.0%
The above fees are fixed annual fees calculated on the assumption of 3 (three) social, ethics, human resources and transformation committee meetings per financial year and shall be payable notwithstanding that fewer social, ethics, human resources and transformation committee meetings may be held. Should more than 3 (three) social, ethics, human resources and transformation committee meetings be held, the following amount will be paid for each additional meeting attended by a director.	29 100	26 455	10.0%

	Proposed F2024 fees (R)	Approved F2023 fees (R)	% increase
Remuneration committee			
Committee chairperson - fees per annum	213 565	194 150	10.0%
Committee members - fees per annum	159 357	144 870	10.0%
The above fees are fixed annual fees calculated on the assumption of 3 (three) remuneration committee meetings per financial year and shall be payable notwithstanding that fewer remuneration committee meetings may be held. Should more than 3 (three) remuneration committee meetings be held, the following amount will be paid for each additional meeting attended by a director.	29 100	26 455	10.0%
Nomination committee			
Committee chairperson - fees per annum	122 694	111 540	10.0%
Committee members - fees per annum	75 383	68 530	10.0%
The above fees are fixed annual fees calculated on the assumption of 1 (one) nomination committee meeting per financial year and shall be payable notwithstanding that fewer nomination committee meetings may be held. Should more than 1 (one) nomination committee meeting be held, the following amount will be paid for each additional meeting attended by a director.	29 100	26 455	10.0%
Other board appointed committees			
Committee chairperson - fees per annum	177 991	161 810	10.0%
Committee members - fees per annum	130 680	118 800	10.0%
The above fees are fixed annual fees calculated on the assumption of 3 (three) other board appointed committee meetings per financial year and shall be payable notwithstanding that fewer other board appointed committee meetings may be held. Should more than 3 (three) other board appointed committee meetings be held, the following amount will be paid for each additional meeting attended by a director.	29 100	26 455	10.0%

Shareholder engagement

We value our continued engagement with all of our various stakeholders and we undertake to maintain our relationships in order to continue to receive constructive feedback and input.

We will therefore again conduct a roadshow to engage with our institutional shareholders to ensure we address where appropriate shareholders concerns and questions.

Administration and contact information

Northam Platinum Holdings Limited
Incorporated in the Republic of South Africa
Registration number: 2020/905346/06
ISIN code: ZAE000298253
Share code: NPH

Northam Platinum Limited
Incorporated in the Republic of South Africa
Registration number 1977/003282/06
Debt issuer code: NHMI
Bond code: NHM015
Bond ISIN: ZAG000164922
Bond code: NHM016
Bond ISIN: ZAG000167750
Bond code: NHM019
Bond ISIN: ZAG000168105
Bond code: NHM020
Bond ISIN: ZAG000172594
Bond code: NHM021
Bond ISIN: ZAG000181496
Bond code: NHM022
Bond ISIN: ZAG000190133
Bond code: NHM023
Bond ISIN: ZAG00190968
Bond code: NHM024
Bond ISIN: ZAG000195926
Bond code: NHM025
Bond ISIN: ZAG000195934
Bond code: NHM026
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